



STARBUCKS COFFEE COMPANY PARTNER GUIDE

U.S. Store Version

A Guide to Your Partner Experience

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Important Notice

The information contained in this guide is designed to provide store partners with an overview of Starbucks employment policies. All statements are intended as general in nature.

This guide is not a contract of employment. Starbucks reserves the right to make changes, additions or deletions to the guide at any time, with or without notice. Additionally, nothing in this guide should be construed as a promise or guarantee of employment or specific treatment in a specific situation.

The policies contained have been adopted with the intent to fully comply with all applicable laws governing employment practices and procedures in each of the various states where Starbucks does business.

Nonetheless, if any policy contained in this guide conflicts in any way with a federal, state or local law, it is Starbucks intent to fully comply with the applicable law.

At all times, Starbucks reserves the right to alter or change the terms and conditions of employment. Starbucks may terminate one's employment at any time, with or without notice.

Questions about this guide may be directed to your manager or a member of your Partner Resources team.

MULTI-STATE COMPLIANCE

The various states and locales in which Starbucks conducts its business have enacted a multitude of laws that govern Starbucks workplace and the employment of its partners. These laws have been considered in the development of Starbucks personnel policies. Even so, if Starbucks policy is inconsistent with any law, the law will govern.

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STARBUCKS IS AN EQUAL EMPLOYMENT OPPORTUNITY EMPLOYER

Starbucks is an equal employment opportunity employer. All partners will be treated fairly, without regard to race, national origin, age, sex, religion, disability, sexual orientation, marital status, veteran status or any other basis protected by local, state or federal law. This policy applies with regard to all aspects of one's employment, including hiring, transfer, promotion, compensation, eligibility for benefits and termination.

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AT-WILL EMPLOYMENT

Each partner's employment with Starbucks Coffee Company is "at-will." This means that either Starbucks or the partner may terminate the employment relationship at any time, with or without notice. The only exception to this policy would be a written contract of employment, signed by the partner and Starbucks chief executive officer, president, executive vice president or senior vice president.



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Dear partner,

Every day, our partners help to realize our Mission Statement: *Establish Starbucks as the premier purveyor of the finest coffee in the world while maintaining our uncompromising principles while we grow.*

Our partners' efforts have helped Starbucks become one of America's most admired companies with one of the most recognized brands in the world.

Starbucks has a unique connection with the human spirit. We achieve this connection through our attention to culture, tradition and community and the belief that future growth depends on hiring and retaining great people.

Each Starbucks partner shares the responsibility to ensure that we continually strive to uphold our Mission Statement and Guiding Principles. In order to assist you, this *Partner Guide* provides a roadmap of our policies, procedures and programs. I encourage you to refer to it often throughout your time as a Starbucks partner.

Thank you for helping to create a great work environment at Starbucks and for treating your fellow partners and customers with respect and dignity. Please accept my best wishes for success in your journey as a Starbucks partner.

Warm regards,

A handwritten signature in black ink, appearing to read "Jim Alling".

Jim Alling

president, Starbucks Coffee U.S.

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Section 1

Mission Statement

Establish Starbucks as the premier purveyor of the finest coffee in the world while maintaining our uncompromising principles while we grow.

Guiding Principles

- Provide a great work environment and treat each other with respect and dignity.
- Embrace diversity as an essential component in the way we do business.
- Apply the highest standards of excellence to the purchasing, roasting and fresh delivery of our coffee.
- Develop enthusiastically satisfied customers all of the time.
- Contribute positively to our communities and our environment.
- Recognize that profitability is essential to our future success.

Purpose

Provide an uplifting experience that enriches people's daily lives.

Values

Passion for everything we do

Integrity

Entrepreneurial spirit and drive

Pride in winning/success

Respect for partners

Section 2

Starbucks: An Introduction

We're delighted that you're part of the Starbucks team. As a company, we recognize that our ability to accomplish what we set out to do is based primarily on the people we recruit. We are devoted to investing in, supporting and engaging our people in the constant evolution of Starbucks.

We are growing in dynamic new ways and we recognize that the right people offering their ideas and expertise will enable us to continue our success. Since the creation of *Bean Stock* in 1991, we have used the term "partners" to refer to one another. We believe this more appropriately reflects the sharing of responsibilities, the sharing of Starbucks performance through *Bean Stock* and the collaborative effort we expect from our people.

Chances are that Starbucks is unlike any place you've ever worked. We strive to be among the best places to work, a place people actively seek to join and where they stay to build their careers. We try to create an environment that is lively, exciting and full of enthusiasm.

We reward our partners for their contributions with our Total Pay package. This includes a competitive base salary and comprehensive benefits to both eligible full- and part-time partners, including stock options, a discounted stock purchase plan, tuition reimbursement, a 401(k) savings plan, quality, affordable health coverage and more.

Our collective commitment is based on our Mission Statement and Guiding Principles. When in doubt, reference the Guiding Principles — they represent the best of what we can be. You will be treated with respect and dignity and, in return, you will be expected to treat others in the same way. This special relationship only works if we all share the same commitment to each other.

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Section 3

Starbucks: The Story

Starbucks Coffee Company was founded in 1971 and opened its first store in Seattle's Pike Place Market. Our success is one of the most amazing business stories in decades. What started as a single store has grown into a company with more than 10,000 stores worldwide, with a new one opening every single business day.

Just as remarkable as this incredible growth is the fact that Starbucks has managed to maintain its renowned commitment to product excellence and partner satisfaction. We are now the world's leading retailer, roaster and brand of specialty coffee with coffeehouses in North America, Latin America, Europe, the Middle East and the Pacific Rim. Nearly 25 million customers visit a Starbucks coffeehouse every week.

Our Name

The original partners wanted a name that was distinctive and tied to the Northwest coast of America where Seattle is located. They researched names of turn-of-the-century mining camps on Mount Rainier (the mountain that can be seen from the waterside in Seattle) and came up with Starbo. In a brainstorming session, that became Starbucks, linking it to the first mate in *Moby Dick*. The name evoked the romance of the high seas and the seafaring tradition of the early coffee traders.

Our Logo

Our logo is based on a sixteenth-century Norse woodcut: a two-tailed mermaid or siren.

Italian Inspiration

When Howard Schultz, our chairman and chief global strategist, first joined the company in the early 1980s as director of Retail Operations and Marketing, Starbucks was already a local, highly respected roaster and

retailer of whole bean and ground coffees. During a business trip to Italy, Howard experienced the rich tradition of the espresso beverage. Espresso drinks became an essential element of his vision when he purchased Starbucks with the support of local investors in 1987.

The Starbucks Experience

"You get more than the finest coffee when you visit a Starbucks — you get great people, first-rate coffee and a comfortable and upbeat meeting place," says Howard. "We establish the value of buying a product at Starbucks by our uncompromising quality and by building a personal relationship with each of our customers."

The Value of Our People

Starbucks has more than 100,000 partners (employees) in the U.S. alone, a number that continues to grow every day. Our comprehensive benefits package includes the Stock Investment Plan (S.I.P.), where eligible partners can purchase Starbucks common stock at a discounted price each quarter. A grant of Bean Stock options is considered each year by Starbucks Board of Directors as a way of rewarding eligible partners for annual performance. To quote Howard, "We realize our people are the cornerstone of our success and we know their ideas, commitment and connection to our customers are truly the essential elements in the Starbucks Experience."

Passion for Quality

Starbucks offers coffee lovers a selection of coffee from around the world. Our buyers travel to the coffee-growing regions of Central America, Africa and Indonesia in order to select the finest arabica beans. Once these quality beans arrive at one of our five roasting facilities, Starbucks professional roasters pursue the art of creating the rich signature Starbucks Roast®. This dark roast is not just a color; it is the cumulative result of expert roasters watching and listening to the coffee as it roasts, ensuring balance to all of its flavor attributes. Darker roasting releases more of the beans' volatile oils, which gives the brewed cup more flavor and an enticing aroma.

Coffee & More

In addition to more than 30 blends and single-origin coffees, Starbucks features a variety of hand-crafted espresso and blended beverages, Tazo® teas, a line of bottled Frappuccino® coffee drinks, Starbucks DoubleShot® espresso drink, freshly baked pastries, a line of premium chocolate, sandwiches and salads. Starbucks specialty merchandise includes an exclusive line of Barista® home espresso machines, coffee brewers and grinders, coffee mugs and coffee accessories, Hear Music™ compact discs and assorted gifts.

Blended & Delicious

In spring 1995, Frappuccino® blended beverage, a lowfat creamy iced coffee drink, was introduced to Starbucks line of beverages. Then, in 1996, the North American Coffee Partnership (NACP), a joint venture between Starbucks Coffee and Pepsi, was established. The partnership launched Frappuccino® coffee drink, a ready-to-drink version of the blended beverage. Many flavors, such as Coffee, Mocha, Mocha Lite, Vanilla, Caramel and Decaf Mocha are available in grocery, convenience and mass retail stores, as well as in select Starbucks coffeehouses. In 2001, the NACP launched Starbucks DoubleShot® espresso drink, a premium blend of espresso and cream.

Ice Cream

In October 1995, Starbucks Coffee Company and Dreyer's Grand Ice Cream formed a partnership to dish up a premium line of coffee ice creams. By July 1996, Starbucks had become the number one brand of coffee ice cream in the U.S. Frozen dessert lovers can enjoy several delectable flavors of ice cream and Frappuccino® Bars with favorites such as Java Chip, Coffee Almond Fudge and White Chocolate Latte.

Starbucks Packaged Coffee

In November 1998, Starbucks entered a licensing agreement with Kraft Foods to distribute packaged whole bean and ground coffee to grocery stores and mass merchandisers. By 2000, the business attained full national distribution and Starbucks became the leader of the super premium coffee

segment. Today, the product is available in more than 19,000 grocery stores and mass merchandise locations in North America. Currently, Starbucks offers a 12 oz. line of whole bean and ground coffees in House Blend, Breakfast Blend, House Decaf, Colombia, French Roast and Espresso Roast, as well as 2.5 oz. Breakfast Blend and House Blend.

Convenience

Coffee aficionados can also find Starbucks in a variety of carefully chosen venues including airports, airlines, hotels and sports facilities throughout the U.S. and Canada. Since 1991, Starbucks coffee has been available throughout the U.S. at licensed airport locations and travel plazas operated by HMS Host. The company has also established locations on college campuses through a licensing agreement with ARAMARK Corporation. In 1999, Starbucks and Albertsons Inc. teamed up to open licensed stores in Albertsons supermarkets across the U.S. Since then, Starbucks has signed National Licensed Store agreements with Safeway, Target, Staples, Super Target, Kroger, Harris Teeter, Meijer, Hy-Vee and several other regional grocery chains.

Hear Music™ at Starbucks

Since the beginning, Starbucks has played great music in our stores. The songs were selected as a companion to the *Starbucks Experience*; music that you'd want to hear as you sipped your espresso. Over the years, thousands of Starbucks visitors asked to buy the music playing in their neighborhood store. In 1995, we partnered with Blue Note Records to create a compilation CD of our favorite artists. In 1999, Hear Music™, a San Francisco-based music company, joined Starbucks with its dynamic passion for discovery and enrichment within the world of music. The Hear Music™ team at Starbucks chooses the artists, features and editorial content for the compilations available in our retail music stores and on www.hearmusic.com.

High-Speed Wireless Internet Service

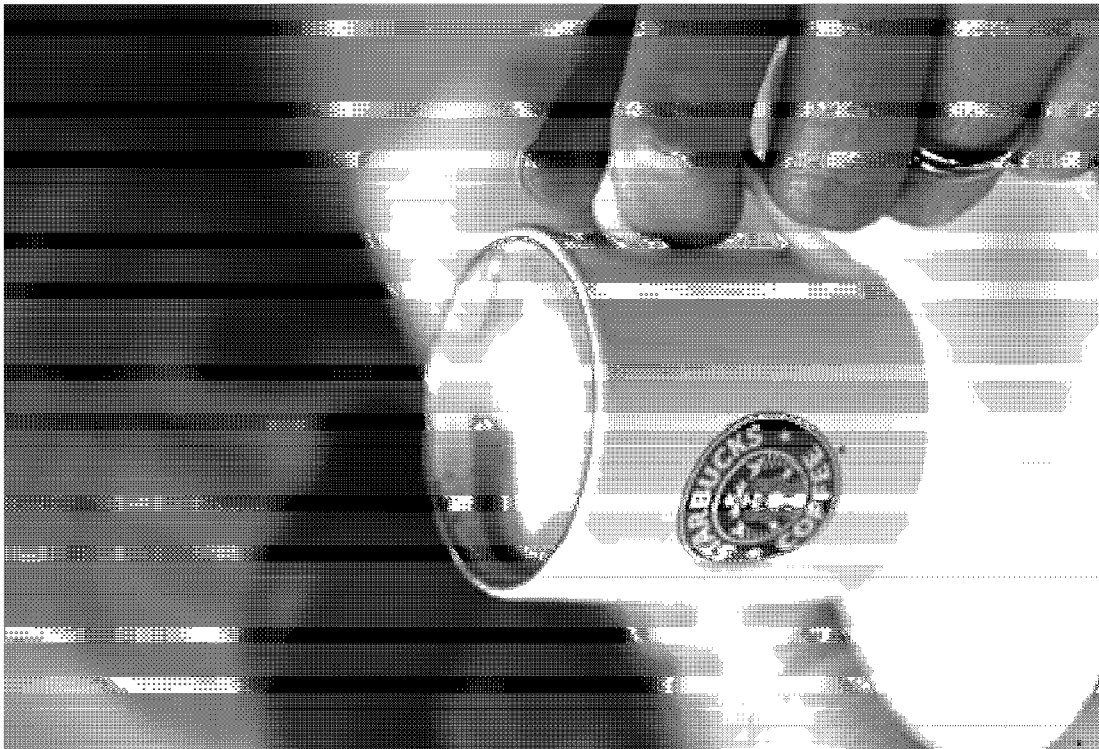
In August 2002, Starbucks began offering the nation's largest Wi-Fi network by launching T-Mobile HotSpot high-speed Wi-Fi Internet access. Available at thousands of Starbucks locations, T-Mobile HotSpot service keeps customers connected at speeds of up to 50 times faster than with a dial-up Internet connection. The T-Mobile HotSpot service at Starbucks gives customers the speed they need to quickly and easily check email, download files, surf the Web and get work done in coffeehouse comfort. All a customer needs is a Wi-Fi device, such as a laptop or hand-held computer, and a T-Mobile HotSpot account.

Starbucks Card Duetto™ Visa®

In October 2003, Starbucks Coffee Company, Bank One and Visa U.S.A. launched Starbucks Card Duetto™ Visa®. The first-of-its-kind payment card blends Visa credit card functionality with the reloadable Starbucks Card, offering Starbucks enthusiasts the power to pay, reload, earn and redeem rewards conveniently with one card. The new translucent Duetto™ Card offers the first formal Starbucks customer appreciation program, rewarding cardmembers with Starbucks Duetto™ Dollars for every Visa purchase and providing special Starbucks gifts and benefits with Starbucks Card Account purchases. Partners can apply for a U.S. Partner Edition Duetto™ Card at www.partnerduettocard.com.

Keeping Up-to-Date with Starbucks

To keep up-to-date about the growth of Starbucks, please visit our company's Internet site (www.starbucks.com). In addition, Starbucks provides numerous communication channels to keep partners informed on Starbucks, our culture, our products, our operations and partner resources and benefits.



Section 4

Your Position

Starbucks employs store partners in the following positions:

Café attendant: A café attendant contributes to the store's overall operation by cleaning and performing some maintenance tasks. Café attendants are generally employed only in high-volume stores or during peak seasons. A café attendant earns an hourly rate of pay and is considered a part-time partner, generally working less than 40 hours per week.

Barista: A barista is responsible for preparation of hot and cold beverages, cash register transactions, store cleanliness, product merchandising and excellent customer service. A barista earns an hourly rate of pay and is considered a part-time partner, generally working less than 40 hours per week.

Shift supervisor: A shift supervisor performs all the duties of a barista, as well as directs the work of others and assists with ordering and accounting. A shift supervisor is required to be at least 18 years of age. A shift supervisor also earns an hourly wage and is considered a part-time partner, generally working less than 40 hours per week.

Assistant store manager: An assistant store manager assists the store manager with general operations. An assistant store manager is considered full-time and is generally scheduled to work at least 40 hours each week.

Store manager: The store manager is ultimately in charge of all store operations and directs the work of the assistant store manager(s), shift supervisors and baristas. The store manager is responsible for personnel decisions, scheduling, payroll and fiscal decisions. A store manager is considered full-time and is generally scheduled to work at least 40 hours each week.

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Exempt or Nonexempt?

Café attendants, baristas and shift supervisors are paid an hourly rate of pay based on actual hours worked. These partners are also classified as nonexempt, which means that they are entitled to daily (where applicable) and weekly overtime pay consistent with federal, state and local wage and hour laws.

Assistant store managers and California store managers are considered salaried nonexempt partners, which means they earn the same weekly salary for all hours worked up to 40, but also receive overtime pay for all hours worked in excess of 40 in the workweek. Salaried nonexempt partners may also be entitled to daily overtime pay, where applicable.

Store managers (except in California) are considered salaried exempt partners and earn the same weekly salary regardless of the actual number of hours worked. Exempt store managers do not receive daily or weekly overtime pay.

Employment of Minors

Starbucks sets a minimum age for employment at 16. Store managers, assistant store managers and shift supervisors must be at least 18 years of age. (In Montana only, the minimum age of employment and holding a management or supervisory position is 14.) The hours of work for Starbucks partners under the age of 18 may be limited on a daily or weekly basis, both during the school year and while on break. More information about Starbucks minor work rules can be found in the *Partner Resources Manual*.

Starbucks requires all minor partners to provide a current work permit in compliance with state and/or local laws.

Consult with your district manager or Partner Resources team member for more information.

Partners with Disabilities

Starbucks complies with all federal and state laws regarding the employment of individuals with disabilities. Reasonable efforts will be made to accommodate a partner who has a disability as defined by state and federal law, such as a serious illness or a physical, mental or sensory

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condition that affects the partner's ability to perform the essential functions of his or her job.

A partner whose disability is negatively impacting his or her ability to perform the job is encouraged to contact his or her manager to discuss the circumstances, so that Starbucks can evaluate the situation and make reasonable accommodations. Managers will treat such information as confidential, except to the extent other partners need to know to accommodate the partner concerned. Starbucks will rely on one or more doctors' opinions if there is any question whether a partner's continued work may pose a health risk, or if there is reason to believe the partner may not be able to meet the demands of his or her job.

Place of Work

The responsibility of hiring store partners belongs to each Starbucks store manager depending on his or her store's particular business needs. Depending on business needs, a partner may be asked to work at a Starbucks store other than the normal place of work, and the partner will be expected to do so.

An hourly partner may want to transfer to a different store in response to a new store opening or for personal reasons, such as the partner moving his or her personal residence. In order to be considered eligible for a transfer, the partner must be currently performing at a "Meets Expectations" level or better and must have worked in his or her position for a minimum of six months (although this requirement may be relaxed depending on business needs). The partner's request for transfer must be approved by the current store manager and district manager, as well as the manager of the store accepting the transfer.

A store manager or assistant store manager who seeks a transfer to a different store must be currently performing at a "Meets Expectations" level or better and must have worked in his or her position for at least one year (although this requirement may be relaxed depending on business needs). A manager's request for transfer must be approved by the current district manager, as well as the district manager of the new store.

At all times, Starbucks retains sole discretion in determining whether a partner will be transferred.

Hours of Work

Starbucks provides its hourly part-time partners with the opportunity to work flexible hours. A partner's hours of work are largely dependent on the partner's availability and the store's business needs.

An hourly partner will be asked to provide a schedule of the days and hours that he or she is available to work. With this information and that of coworkers, the store manager will create a weekly work schedule for the store. A partner's scheduled hours of work will be based on numerous factors, such as the needs of the business, the store's hours of operation and the availability, skill level and position of each partner in the store. There is no assurance or guarantee that any hourly partner will receive the hours desired, the same schedule each week or a minimum or maximum number of hours.

An hourly partner who desires a specific work schedule must submit a written request to the store manager. A request for specific hours will be evaluated and, if possible, accommodated, taking into consideration factors such as business needs and the partner's position. Please note, however, that partners may be expected to make themselves available for work for a minimum number of days or hours each week, depending on the store's needs. The inability or failure to increase one's availability to work may result in separation of employment.

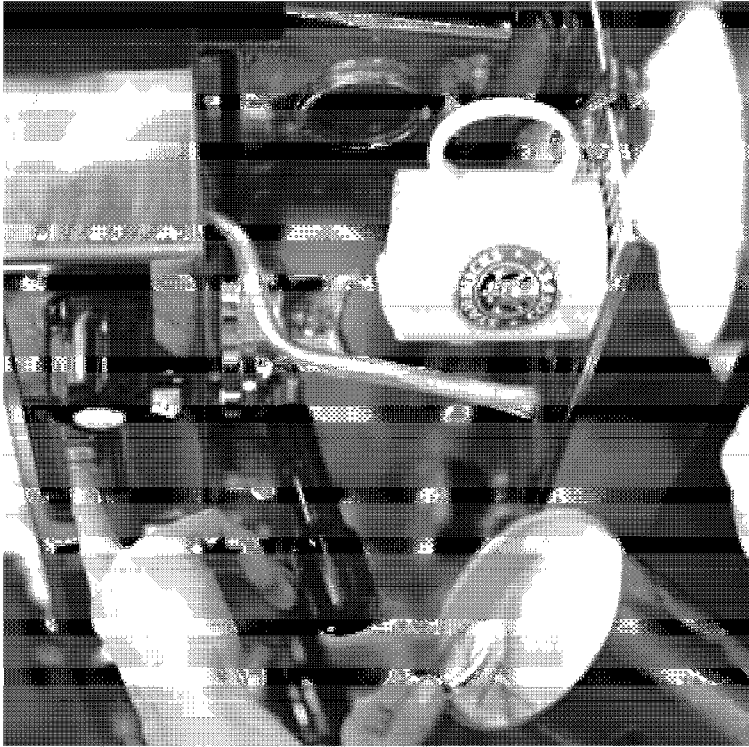
From time to time, a partner will also be expected to report to work for events such as promotions, store meetings or inventory at times that may fall outside the partner's days or hours of availability.

Assistant store managers and store managers are expected to be fully committed to the operations of their store. These positions are considered full-time and generally require at least 40 hours of work each week.

Working Additional Hours (Overtime)

Hourly or salaried nonexempt partners will be paid for all hours worked, including overtime. Overtime is considered hours worked in excess of 40 per week, or could include hours worked in excess of eight per day, where defined by state law. Hourly partners are required to obtain advance approval from the store manager before working any daily or weekly overtime hours.

Salaried exempt managers will be expected to work any additional hours in order to meet the job objectives and responsibilities. No extra payment will be made for the additional work.



Rest and Meal Breaks

Regular breaks during the day provide partners with the energy and outlook our customers enjoy. All nonexempt partners (café attendants, baristas, shift supervisors, assistant store managers and California store managers) are required to take scheduled meal and rest breaks. Under no circumstances may a nonexempt partner perform work during the meal or rest break, or end the break early to resume work. Nonexempt partners are free to leave the store during a meal or rest break.* Breaks may not be skipped in order to report to work late or leave work early.

Rest breaks: All nonexempt partners receive a rest break of no less than 10 minutes for each four-hour period of time worked. The rest break will be scheduled by the manager and should occur as near as possible to the midpoint of each four hours worked. Rest breaks are paid. The partner should not punch out for a rest break.

Meal breaks: Each nonexempt partner receives an uninterrupted 30-minute meal break if the partner is scheduled to work a shift of a minimum duration. Whether the partner will receive a meal break at some time during his or her shift depends on the length of the shift and the state in which the partner is employed. Nonexempt partners are required to clock out at the beginning of the meal break and back in when the meal break is over. Each nonexempt partner is responsible for taking a full 30-minute meal break and should refrain from returning to work until the full meal break is over.

*Special note: Starbucks Safety and Security Guidelines require the presence of at least two partners in the store at all times. If a partner is scheduled for a meal break and only one other partner is on shift, the partner should retire to the back of the store for the duration of his or her meal break. Because the partner is not free to leave the store, the meal break will be paid. The partner should not punch out or in for the meal break, but instead should record the time of the meal break in the Punch Communication Log. Please consult the store manager for directions on recording a paid meal break on the Punch Communication Log.

Recording Time Worked

In accordance with federal and state wage and hour laws, Starbucks requires the accurate recording of, and compensation for, all hours worked by nonexempt partners. It is against Starbucks policy for any nonexempt partner to work "off-the-clock," or without having punched in or otherwise recording the time as time worked. It is also against Starbucks policy for a shift supervisor, assistant manager, store manager or district manager to instruct or permit any partner to work any amount of time for which the partner is not compensated. All nonexempt partners must abide by the following rules:

Using the Time-Keeping System ("Time and Attendance")

To Record All Time Worked

In addition to the regular functions of a store position, time worked includes participating in formal and informal training, reviewing or completing training materials, performing administrative tasks, setting up displays in the store, preparing schedules or other paperwork, assisting on the floor or answering phones during a meal break, and counting or dividing tips. Time worked also may include any work that the partner performs for Starbucks outside of the store, such as at home or during the commute.

The following rules must be adhered to on a daily basis:

- A partner must not punch in until ready to begin work.
- A partner must not punch in prior to the start of the scheduled shift, unless instructed to do so by a shift supervisor or manager.
- A partner must not perform any work during a rest break.
- A partner must punch out at the beginning of every meal break and punch in upon return to work following every meal break.
- A partner must punch out immediately upon completing a shift.
- A partner must not work any pre-shift or post-shift time unless the partner is punched in.

Correcting Time Records

If a partner forgets to punch in or out, or if the partner makes an error in recording his or her time, the partner must immediately notify a shift supervisor, assistant store manager or manager, who will record the correction on the store's Punch Communication Log. The store manager will then correct the partner's time record in the time-keeping system. The partner will be asked to verify the change with his or her initials on the Punch Communication Log.

Verification of Hours Worked

Upon receipt of a paycheck, the partner should review the pay stub to ensure the receipt of compensation for all time worked. If the pay is correct, the partner must sign the Attendance-Absence Report, provided by the store manager, to verify receipt of the paycheck and accurate compensation. If the partner believes that he or she has not been paid correctly, the partner must make a notation of this on the Attendance-Absence Report and then notify his or her manager of any errors.

Off-the-Clock Work Is Strictly Prohibited

If a shift supervisor or manager instructs, encourages or permits a partner to work any amount of time off-the-clock, the partner must immediately report the violation to the store manager or district manager, as appropriate. Shift supervisors or managers who violate the time recording policy by instructing or permitting hourly partners to work off-the-clock will be subject to corrective action, up to and including termination of employment.

Under no circumstances will Starbucks retaliate against a partner for reporting violations of this time recording policy.

A nonexempt partner who works off-the-clock voluntarily or pursuant to the orders of a shift supervisor or manager and fails to report the time worked will be subject to corrective action, including a verbal or written warning and a reminder of this time recording policy. Additional violation of this time recording policy will result in further corrective action, up to and including termination of employment.

Absent extraordinary circumstances, a partner who uses the Time and Attendance password of a manager or assistant manager to alter time records will be subject to immediate termination of employment.

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Section 5

Your Pay

Starbucks is committed to ensuring that partners are accurately paid for all time worked. In our stores, meeting that commitment is primarily the responsibility of the store manager. The store manager is responsible for ensuring that payroll information is correct prior to processing payroll and that any inaccuracies are corrected in a timely manner. Additionally, all other store partners are responsible in some way for ensuring that their hours of work are recorded timely and accurately.

Starbucks issues paychecks on a biweekly basis, which is every other Friday. (In a limited number of states, partners are paid every Friday.) The partner's paycheck will include pay for all hours worked, including any overtime pay where applicable, less applicable payroll taxes and other authorized deductions.

Partners may elect direct deposit for their Starbucks pay, making them eligible for a money-saving partner perk: *The Partner Banking Advantage Program*. By opening a payroll direct deposit account with a participating bank, a partner receives free checking and other banking advantages. For specific information, visit <http://LifeAt.Sbux.com>.

Overtime Pay

Nonexempt partners are entitled to overtime pay for all hours worked in excess of 40 per week. Where applicable, nonexempt partners may also be entitled to daily overtime pay.

Weekly and daily overtime pay is paid at 1½ times the partner's hourly rate of pay. Under applicable state law, a nonexempt partner may be entitled to overtime pay at twice the partner's regular rate of pay. Starbucks does not provide compensatory time off in lieu of overtime pay.

For purposes of calculating the number of weekly overtime hours, Starbucks workweek begins at 4 a.m. on Monday and ends at 3:59 a.m. on the following Monday. Similarly, a single workday begins at 4 a.m. and ends at 3:59 a.m. on the following day. Hours paid but not worked, such as vacation, sick, personal or holiday (if no work was performed on the holiday), are not included in determining whether the partner has worked overtime.

Holiday Pay

Starbucks recognizes six holidays each year. These holidays are New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas.

An hourly nonexempt store partner who works on one of the six holidays recognized by Starbucks (New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas) will be paid a premium rate of 1½ times his or her regular hourly rate of pay. Hours worked on a holiday are counted as hours worked when calculating weekly overtime pay.

Store managers and assistant store managers are eligible for holiday pay. When the holiday is not worked, the store manager or assistant store manager will receive his or her normal salary for the week in which the holiday falls. If the manager or assistant manager works on the holiday, he or she will receive his or her regular salary for that week *plus*, within 60 days following the worked holiday, the manager may take a day off with pay. Approval from the district manager is required prior to recording the substitute holiday in the time-keeping system.

A Retail Management Trainee (RMT) is also eligible for holiday pay. An RMT who works on one of the above holidays will receive holiday pay plus pay for hours worked on that day.

Hours worked on a holiday are counted as hours worked when calculating weekly overtime pay.

Tips and Tip Reporting

Although Starbucks customers are not expected to pay anything extra to receive the best service, they do frequently express their thanks by tipping. Starbucks hourly nonexempt store partners are entitled to share in the tips received. A partner who receives tip income is required by the Internal Revenue Service to report his or her tip income to Starbucks when the tips equal or exceed \$20 in a calendar month. The partner should report the tip income to Starbucks upon receipt of the tips. Starbucks is required by law to withhold all normal payroll taxes on tips reported. A partner who is required to report tips to Starbucks should refer to the *POS Register Resource Manual* for the correct reporting procedure or consult with the store manager for more details.

Imputed Tip Income

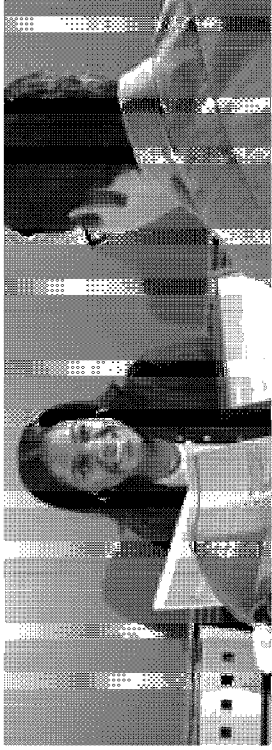
Starbucks imputes to each hourly nonexempt partner a certain amount of tip income for each hour worked. Imputed tip income will be reflected on each partner's paycheck and is subject to payroll taxes. Partners are still responsible for reporting tip income that exceeds the imputed amount.

Pay Increases

Starbucks partners are periodically eligible for pay increases. A pay increase may be based on merit, promotion or other pay adjustment. Merit increases are designed to reward the partner's performance for a specific time period. A partner may receive a merit increase following receipt of a "Meets Expectations" or better performance evaluation. Other pay adjustments may be made to place the partner's pay appropriately within the pay range for the job.

Bonus Pay

Store managers and assistant store managers may be eligible for bonus pay through Starbucks Retail Store Management Incentive Plan. This incentive plan is designed to provide a cash incentive to managers for the achievement of store goals that support Starbucks strategic plan. Further information may be obtained in the formal plan document available to eligible managers.



Referral Bonus

The Partner Referral Program has been established for partners to refer candidates for employment at Starbucks. If the referred candidate is hired and works a minimum period of time with Starbucks, the referring partner will receive a referral bonus. The amount of the referral bonus may vary depending on the market, the needs of the business and certain other restrictions that may apply.

Pay Advances

Starbucks does not issue pay advances for personal emergencies or for any other reason. A pay advance may be provided to a partner only in time of an emergency if Starbucks Payroll department is unable to issue paychecks to one or more partners. In such a situation, a partner may receive an emergency wage advance from his or her store manager. An emergency wage advance must be authorized by the store manager and district manager according to Starbucks written procedures and the partner will be paid in the form of cash from the store's till.

Pay Deductions

Starbucks complies with state and federal laws when making deductions from a partner's paycheck. Improper deductions are prohibited by this policy. If a partner believes that his or her paycheck has been subject to an improper deduction, the partner should report the improper deduction to his or her manager, to the Partner Contact Center (PCC) at (866) 504-7368 or to the Business Conduct Helpline at (800) 611-7792.

Section 6

Codes of Conduct and General Policies

Attendance and Punctuality

A partner's reliability in reporting to work when scheduled and on time is essential to a store's efficient operations and in providing customers with the *Starbucks Experience*.

If a partner cannot report to work as scheduled or the partner will be late to work, it is the partner's responsibility to notify the store manager or assistant store manager. As much advance notice as possible should be given to the store manager or assistant manager directly; leaving notes without first making reasonable attempts to contact the store manager or assistant manager directly is not acceptable.

If a partner knows in advance that he or she will be unable to report to work for a scheduled shift, it is the partner's responsibility to arrange for another partner to substitute. In the case of sudden illness, injury or other emergency circumstances, however, the partner will not be held responsible for finding a substitute. The partner will still be responsible for notifying his or her store manager or assistant store manager of the absence; the store manager or assistant store manager will arrange for shift coverage.

Failure to abide by this policy may result in corrective action, up to and including termination of employment. Some examples of failure to follow this policy include irregular attendance, one or more instances of failing to provide advance notice of an absence or late arrival, or one or more instances of tardiness.

If a partner is absent due to a medical condition or experiences irregular attendance due to a medical condition, the store manager may require the partner to provide documentation from a health care provider. Under certain circumstances, inability to work due to a medical condition may entitle a partner to Family/Medical leave. Refer to the *Time Away from Work* section for more information.

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Dress Code and Personal Presentation

Your appearance and personal hygiene are important not only to you, but also to our customers and to those who work with you. Starbucks partners should present a clean, neat and professional appearance appropriate of a retailer of specialty gourmet products. A partner who comes to work inappropriately dressed or with unacceptable appearance may not be permitted to start his or her shift. Exceptions to the dress code may be made where required by law to accommodate sincerely held religious beliefs. Please contact your Partner Resources team member for more information about exceptions. Failure to adhere to the dress code may result in corrective action, including termination of employment.

These are the standards that are expected of all partners during the working day:

Shirts/Blouses

Plain black or white shirts with collars, polo style shirts, turtlenecks or mock turtlenecks should be worn. No other colors, designs, logos (with the exception of a small manufacturer's logo), writings or combination of white or black are allowed. The shirt may be short- or long-sleeved, but not sleeveless. If an undershirt is worn, such as a turtleneck, it must be the same color as the outer shirt. The shirt must be clean, pressed and tucked in at all times. A sweater may be worn over a turtleneck or shirt in cooler weather and must be solid white or black. Crew neck or v-neck T-shirts are not acceptable, with the exception of Starbucks promotional T-shirts, which may be worn only for the duration of the promotion.

Pants/Trousers/Shorts/Skirts

Pants, trousers, shorts and skirts must be solid black or khaki (tan). Shorts and skirts must be professional in appearance and never shorter than four inches above the knees. Denim (either blue or black), leather, athletic or stretch-style fabrics and leggings are not allowed.

Footwear

Your footwear should provide support, comfort and safety. Socks, stockings or pantyhose are required and must be in dark or neutral colors. Shoes must be brown or black work-style shoes or boots with flat heels. Black or brown

leather sport shoes are acceptable; white is not. Open-toed shoes, sandals, clogs, cowboy boots, canvas shoes, athletic or jogging shoes are not allowed.

While Starbucks does not require slip-resistant shoes, the company strongly encourages partners to participate in the Slip-Resistant Shoe Program as a measure of prevention in our stores. More information regarding this program is included in *Safety at Starbucks: A Guide for Store Partners* also found in this kit. If partners prefer to purchase their shoes outside of the Starbucks program, approved brands of slip-resistant shoes include: Skechers® Work, Keuka Cafe™, Kmart™ SafeTrax®, Lehigh® Dickies®, Lehigh® SlipGrips™, Payless SafeTStep®, Shoes for Crews® and Wal-Mart® TredSafe.

Ties/Bows

Ties or bows are optional. If worn, the tie or bow must be a solid dark or neutral color (e.g., black, beige or white) and must be tasteful. Bolo ties are acceptable.

Headwear

Hats are permitted only if required by state or local laws, or if related to a promotion. The hat must display the Starbucks logo and must always be worn with the bill forward. A scarf may be worn only as a hair band or to tie the hair back and must be in a dark or neutral color.

Maternity Clothing

Pregnant partners must wear clothing consistent with the above, with certain exceptions. Stretch materials are permitted; the shirt or smock need not be tucked in. A jumper or shift in solid black or khaki (tan) may also be worn.

Aprons

Upon hire, each partner will receive two or more aprons in good condition (free of holes, tears, stains, etc.), which meet or surpass dress code guidelines. If the partner is working more than 20 hours per week, three aprons will be issued. If the partner is working less than 20 hours per week, two aprons will be issued.

The apron must be worn at all times while working, but should not be worn while on a rest or meal period. The apron must be worn full length;

it may not be folded in half and wrapped around one's waist. A clean apron is required at the beginning of each shift. Each partner is responsible for laundering and maintaining his or her own aprons.

Upon separation from employment, the partner is required to return all aprons in good condition (other than normal wear and tear). If the returned aprons are not in good condition, a replacement fee (presently \$4.45 per apron, but subject to change) will be deducted from the partner's final paycheck. The partner provides authorization for this deduction by acknowledgement of the receipt of this Guide.

Hair and Nails

Hair must be clean and brushed. Hair must be kept back from the face and, if it is long, should be tied back with plain clips or hair bands. Hair color should look natural; bright or unnatural colors (for example, purple, blue or green) are not allowed. Beards and mustaches must be neat and trimmed. Fingernails should be clean, well manicured and of short or moderate length. Nail polish or artificial nails of any type are not permitted.

Perfumes and Aftershave

Perfume, cologne, shaving lotion or highly fragrant deodorants or powders may not be worn because the smell affects the taste and aroma of our coffee.

Tattoos

Tattoos cannot be visible.

Jewelry/Body Piercings

Earrings must be small or moderately sized. No more than two earrings per ear may be worn. No other pierced jewelry or ornaments are allowed, including nose rings or tongue studs. Any other jewelry must be kept simple and may not be a distraction.

Personal Hygiene

Partners must follow all reasonable personal grooming standards, including regular bathing and use of deodorant.

Section 6



Pins

Partners are not permitted to wear buttons or pins that advocate a political, religious or personal issue. The only buttons or pins that will be permitted are those issued to the partner by Starbucks for special recognition or advertising a Starbucks-sponsored event or promotion; and reasonably-sized and -placed buttons or pins that identify a particular labor organization or a partner's support for that organization, except if they interfere with safety or threaten to harm customer relations or otherwise unreasonably interfere with Starbucks public image.

Personal Telephone Calls

Partners are not permitted to receive personal telephone calls at the store, unless the nature of the call is an emergency. Personal telephone calls may be made only while on break, from the store's back room or office, and only if absolutely necessary and without disruption to store operations. Making a personal long-distance telephone call from the store telephone is strictly prohibited.

Pagers and Cell Phones

Partners are not permitted to have their personal cell phones and pagers on their person while working; cell phones and pagers must be turned off and stowed away with the partner's personal belongings.

Security of Your Personal Belongings

Partners are strongly advised not to bring large amounts of money, jewelry and valuables to work. Starbucks does not accept liability for the loss or damage to your personal possessions while on our premises, and a partner will not be reimbursed by the company for any such loss. If you have been provided with a locker, you should use it for the storage of your belongings while you are on shift and keep it locked at all times. It is not permissible to leave personal belongings, including clothing, at the store while you are not on shift.

Changes to Your Personal Information

Starbucks maintains records of each partner's home address, contact telephone numbers and emergency contact information. This information needs to be accurate for insurance and tax purposes, for emergencies and to ensure that the partner receives important notices, such as a W-2 or other Starbucks mailing(s), sent to his or her home address. Therefore, it is very important that a partner notify his or her manager of any change in this information each time a change occurs so that the company's records can be kept up to date.

Distributing Notices/Soliciting

Partners are prohibited from distributing or posting in any work areas any printed materials such as notices, posters or leaflets. Partners are further prohibited from soliciting other partners or non-partners in stores or on company premises during working time or the working time of the partner being solicited.

The only exception that may apply to this policy is when a partner is engaged in distribution or solicitation related to a Starbucks-sponsored event or activity.

Persons not employed by Starbucks are at all times prohibited from selling, soliciting, distributing or posting written materials on company premises. If inappropriate solicitation occurs in your store by non-partners, you should politely ask the non-partner to stop or leave the store.

Smoking

Starbucks provides a smoke-free environment for all partners and customers. Smoking is not permitted in Starbucks stores or offices. Smoke or the smell of smoke is easily absorbed by coffee beans. If a partner chooses to smoke while on break and outside the premises, the partner must first remove his or her apron and hat, if applicable. The partner is also required to wash his or her hands before returning to work.

Visits from Family and Friends

Starbucks encourages our partners' family and friends to visit our stores and enjoy our products. However, their purchases should always be processed by another member of the team. Under no circumstances may family or friends stand behind the bar or access back-of-the-house areas.

Employment of Relatives

In order to avoid problems with security, supervision or conflict of interest, certain restrictions apply regarding the employment of a partner's relative.

Starbucks prohibits the employment of relatives in situations where one relative directly or indirectly supervises the work of the other or where one is responsible for auditing the work of the other. Furthermore, a partner will not be placed in a position where he or she may work with or have access to sensitive information regarding a relative or where the placement of the two related partners may pose an actual or apparent conflict of interest.

For purposes of this policy, a relative or family member will be construed broadly and will include a domestic partner.

As an example, a store manager or assistant store manager will not be permitted to employ any relative to work in the same store. If a situation arises that conflicts with this policy, appropriate action will be taken, which may include a transfer or the termination of employment of one or both partners.

Close Relationships with Other Starbucks Partners

Starbucks encourages friendship and teamwork, but situations that may lead to a conflict of interest must be avoided. A conflict of interest may exist whenever a partner's judgment is affected or can be called into question because of a close relationship. For this reason, when a relationship develops between two partners, where one partner directly or indirectly supervises or is responsible for auditing the work of the other, one of the partners will be required to move to another store. If this is not possible, it may be necessary to terminate the employment of one or both partners. Starbucks may also refuse to recruit or hire an applicant, or transfer or promote a partner, if doing so would breach this policy.

A partner who develops a close relationship with another partner that would violate this policy must notify his or her manager immediately.

Harassment and Discrimination Prohibited

One of Starbucks Coffee Company's Guiding Principles is to "provide a great work environment and to treat each other with respect and dignity." Accordingly, Starbucks strictly prohibits discrimination, sexual harassment or harassment on the basis of race, color, national origin, religion, sexual orientation, physical or mental disability, age, veteran status, marital status or any other characteristic protected by applicable law.

This prohibition applies to all partners, vendors or customers. No partner is expected to tolerate any conduct prohibited by this policy from anyone while at work or while engaged in company business.

Sexual harassment defined: Sexual harassment prohibited by this policy includes any unwanted sexual advances, requests for sexual favors or visual, verbal or physical conduct of a sexual nature when:

- Submission to or rejection of such conduct is used as a basis for employment decisions affecting the partner; or
- Such conduct has the purpose or effect of unreasonably interfering with a partner's work performance or creating an intimidating, hostile or offensive working environment.

The following is a partial list of conduct that would be considered sexual harassment:

- Unwanted sexual advances or propositions
- Offering employment benefits in exchange for sexual favors
- Leering, making sexual gestures, displaying sexually suggestive objects or pictures, cartoons, calendars or posters
- Making or using derogatory comments, comments about a partner's body or dress, slurs, epithets or sexually suggestive jokes
- Written communications of a sexual nature distributed in hard copy or via a computer network, suggestive or obscene letters, notes or invitations

- Physical conduct such as unwanted touching, assault, impeding or blocking movements

- Making or threatening retaliation after a negative response to sexual advances or for reporting or threatening to report sexual harassment

Sexual harassment can occur between Starbucks partners of the same sex. It is unlawful for a male to sexually harass either females or males, or for a female to sexually harass either males or females.

Starbucks prohibits acts of harassment that include, but are not limited to, the following examples:

- Threats, degrading comments, epithets or slurs
- Derogatory posters, photographs, cartoons, drawings or gestures
- Written communications that could offend individuals in a particular group, such as references to racial or ethnic stereotypes or caricatures
- Making or threatening retaliation for reporting or threatening to report harassment, or for participation in an investigation of a harassment complaint

As a Starbucks Partner, It Is Your Responsibility To:

1. Treat others with respect and dignity in a professional workplace.
2. Understand Starbucks Anti-Harassment and Discrimination Policy, including the Complaint Procedure.
3. Take immediate steps to end the offensive behavior by requesting that it stop, if comfortable doing so.
4. Immediately report your concerns to your manager, Partner Resources team member or the Business Conduct Helpline at (800) 611-7792.
5. Apologize if you have offended someone.

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Complaint Procedure: A partner who believes he or she has been subjected to behavior prohibited by this policy should make his or her feelings known to the offending partner, if comfortable doing so. The partner must also immediately report the behavior, preferably in writing, to management as follows:

A store partner must report the offensive behavior immediately to the store manager, district manager, regional director or regional Partner Resources team member. The name and phone number of the appropriate Partner Resources team member may be obtained by calling the Partner Contact Center (PCC) at (866) 504-7368 Monday–Friday from 5 a.m. to 5 p.m. Pacific. If you already know the name of your district manager, regional director or Partner Resources team member, you may find his or her phone number in the online Beanbook. Partners may also call the Business Conduct Helpline at (800) 611-7792 to report offensive behavior.

If any partner becomes aware of harassing conduct engaged in or endured by a Starbucks partner, regardless of whether such harassment directly affects that partner, the partner should immediately report that information, preferably in writing, to the appropriate manager as indicated above.

Investigation and discipline: When Starbucks is made aware of a situation that may violate this policy, an immediate, thorough and objective investigation will be undertaken. Starbucks will protect the confidentiality of those involved to the extent possible, consistent with the need to investigate and resolve the complaint.

Appropriate action will be taken against any partner found to have engaged in prohibited harassment to ensure that the conduct will not reoccur. Appropriate action will be taken against any partner who makes any report of harassment in bad faith. A partner found in violation of this policy may be subject to corrective action, up to and including termination of employment. The type of corrective action taken will depend on the severity of the conduct, as well as any other factors presented.

Starbucks strictly prohibits any form of retaliation against any partner for reporting harassment in good faith, for using this Complaint Procedure or for filing, testifying, assisting or participating in any matter in any investigation.

Starbucks will not tolerate any behavior prohibited by this policy and does not consider such behavior within the course and scope of employment, nor is such conduct authorized by Starbucks. Partners, including managers, may be held personally liable for actions that violate this policy.

Drugs and Alcohol

Starbucks partners are prohibited from any involvement with alcohol, drugs or any other substance that may impair work performance or the ability to professionally represent Starbucks. Specifically, this policy forbids working while under the influence of alcohol or drugs and prohibits the use, sale, manufacture, possession or illegal distribution of alcohol, illegal drugs or controlled substances on company premises, while conducting company business or during working time. For purposes of this policy, working time includes meal and rest breaks. Furthermore, partners are strictly prohibited from reporting to work under the influence of alcohol, illegal drugs or controlled substances not in accord with a valid prescription. Partners who are taking prescription drugs that may affect their performance should also discuss their situation with their manager prior to working.

The only exceptions to this policy are for moderate use of alcohol as may be appropriate when entertaining business associates or in similar social settings related to company business. Even in those limited circumstances, partners must remain professional at all times or risk corrective action.

Corrective action, including termination, will be taken against any partner who violates this policy. Excessive use of alcohol off-duty or off-duty drug activity may affect Starbucks image and thus may also result in disciplinary action. Starbucks reserves the right to deal with each case in its discretion, in accord with the specific circumstances involved. This may include requiring the partner to participate in, and satisfactorily complete, a treatment program.

If you have a problem with drugs or alcohol, you are encouraged to speak with your manager so that Starbucks can assist you in obtaining help.

Weapons

Starbucks strictly prohibits partners from possessing any weapon in a Starbucks store or on Starbucks property. For purposes of this policy, a

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weapon is broadly defined to include a firearm, knife, baseball bat or as otherwise provided by the criminal code of any jurisdiction in which Starbucks does business.

Workplace Violence

Starbucks does not tolerate violence or threats of violence in the workplace. Violence or a threat of violence may be defined as the use of physical force or a display of behavior or use of words that causes another person to believe that he or she is in imminent harm. Any partner who engages in workplace violence may be subject to immediate termination from employment.

If a partner observes a display of workplace violence, the partner should immediately inform his or her store manager, district manager or Partner Resources team member or call the Business Conduct Helpline at (800) 611-7792.

Video and Audio Recording

Starbucks installs security cameras in the stores for partner and customer safety and to monitor activities involving cash. Partners should be aware that these security cameras will capture video and/or audio recordings.

Register Operation and Customer Transactions

All partners are required to conduct themselves with the utmost honesty and integrity. This principle applies primarily when engaging in any transaction involving a customer of Starbucks and particularly when engaging in transactions involving the exchange of Starbucks product or merchandise for cash, coupons or gift certificates. Each partner will be held responsible for each transaction conducted at the cash register till assigned to him or her, including all transactions that take place, counting cash and balancing the till. Depending on one's position, a partner may additionally be responsible for accessing the store safe and preparing bank deposits.

The following rules apply to all partners:

- Ring into the cash register all customer transactions and provide all customers receipts for their purchases; never void a legitimate customer transaction.

- Leave the register on the "Begin Transaction Screen" prior to leaving the cash register unattended.
- Keep your till secure; do not share your cash register password or your till with any other partner.
- Deposit into the cash drop box assigned to the register all bills equaling or exceeding \$20, as well as any smaller bills when their numbers become excessive.
- Balance your till at the end of your shift; consistent overages and shortages are not acceptable.
- Secure the store safe at all times.
- It's against Starbucks policy to give away free beverages, product or merchandise to family or friends.
- Do not misuse Starbucks coupons, service recovery coupons, gift certificates or Starbucks Cards.
- Do not misuse the "Partner Beverage" transaction. This is meant solely to process a beverage for a partner who works with you in your store only. You cannot use it for your own drink, for a customer or for any other reason.
- Adhere to the partner discount policy at all times.



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Serving Customers with Disabilities

Starbucks goal is to provide the *Starbucks Experience* to as many people as possible. Many of our customers are persons with disabilities. To ensure that they will be able to enjoy the full *Starbucks Experience*, each partner should do the following:

Store access: Each store should have the appropriate number of wheelchair accessible tables inside and outside the store. Wheelchair accessible tables should be clear for customer use and not used for other purposes, such as merchandise display. The appropriate amount of clearance around the tables must also be maintained. Partners should make sure that the store pathways are clear for travel by wheelchair users and other customers with mobility impairments. Do not place chairs, trash cans, boxes, etc. on ramps, in hallways or in front of bathrooms or exits.

Drink service: A drink served to a customer using a wheelchair should easily be reached by the customers. Therefore, the partner should deliver the drink to the customer at the register counter or directly to his or her table. A partner should also offer to assist wheelchair users with their condiments if the condiment bar is difficult to reach.

Service animals: Service animals that assist persons with disabilities are allowed in Starbucks stores. Service animals include seeing-eye dogs or other animals trained to alert persons with hearing impairments. A partner should politely ask a customer with an animal to leave the animal outside the store, unless the customer informs the partner that the animal is a service animal. In that situation, no further questions may be asked of the customer, even if the animal does not have a harness or otherwise appears to be a service animal. The partner must not ask for proof that the customer is disabled or that the animal is trained. Nonetheless, the customer will be responsible for the service animal's care and supervision while in Starbucks. A service animal may be excluded from the store only if its behavior poses a direct threat to the health or safety of others.

Corrective Action

Corrective action communicates to the partner that performance problems exist or that the partner is engaging in unacceptable behavior. The intent of corrective action is to give the partner a reasonable opportunity to re-establish an acceptable level of performance or behavior.

Corrective action may take the form of a verbal warning, a written warning, demotion, suspension or termination from employment. The form of corrective action taken will depend on the seriousness of the situation and the surrounding circumstances. The evaluation of the seriousness of the infraction and the form of the corrective action taken will be within the sole discretion of the manager. There is no guarantee that a partner will receive a minimum number of warnings prior to termination of employment or that corrective action will occur in any set manner or order.

In cases of serious misconduct, immediate termination from employment may be warranted. Examples of serious misconduct include, but are not limited to:

- Violation of safety and/or security rules
- Theft or misuse of company property or assets
- Falsification or misrepresentation of any company document
- Violation of Starbucks drug and alcohol policy
- Possession of or use of firearms or other weapons on company property
- Harassment or abusive behavior toward partners, customers or vendors
- Violence or threatened violence
- Insubordination (refusal or repeated failure to follow directions)
- Violation of any other company policy

Section 7

Protecting Company Interests

Confidentiality

During employment with Starbucks, you may have access to information such as drink recipes, product specifications, systems, other partner records and financial data, as well as new product innovations and ideas. All information is confidential while you work for us and after you leave, and it is imperative that you do not disclose any information gained during your employment with the company to any individual outside of Starbucks Coffee Company, including a future employer, friends or family. You may not under any circumstances take any records, training materials or manuals when you leave.

Conflicts of Interest

Partners are prohibited from engaging in any transaction or activity that may constitute a conflict of interest. A conflict of interest exists when a personal interest or activity interferes or appears to interfere with the duties that you perform at Starbucks. A conflict of interest may influence even the most honest person and the mere appearance of a conflict may cause a partner's act to be questioned. Partners must avoid situations that affect or appear to affect the ability to act in the best interests of Starbucks.

Some situations in which a conflict of interest may arise, and therefore must be avoided, are:

- Being employed by or operating a business (including consulting) that does or desires to do business with Starbucks or that competes with Starbucks (for example, working in a competitor's coffee shop);
- Making a substantial direct investment in such a business, either by you or an immediate family member;
- Engaging a family member to perform services for Starbucks;

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- Acting on behalf of anyone besides Starbucks in any transaction with Starbucks (for example, helping someone sell products and/or service to Starbucks); or
- Personally engaging in real estate or other transactions in which Starbucks has an interest.

You should carefully review your own situation to determine whether any conflict of interest exists. You must immediately disclose any conflict or potential conflict to your manager. If you are unsure of whether an activity or role may constitute a conflict of interest, you should contact your manager, district manager or Partner Resources team member or call the Business Conduct Helpline at (800) 611-7792.

Security Checks

To safeguard Starbucks property and our partners' belongings, Starbucks reserves the right to carry out security checks without notice. These checks may include inspecting personal items for prohibited materials, including weapons, dangerous substances, alcohol, illegal drugs or stolen property.

Items subject to inspection may include, but are not limited to, office equipment and furniture provided by Starbucks for partner use, desks, cabinets, lockers, computers and computer memory, as well as the contents, effects or articles they may contain. Further, an inspection may extend to a partner's personal belongings, such as purse, briefcase, backpack or gym bag. An inspection may occur at any time, with or without advance notice or consent from the partner involved; may take place either before, during or after normal working hours and in the absence of the partner involved; and may be conducted by any manager or security personnel designated by Starbucks.

Any partner who fails to cooperate in an inspection may be subject to corrective action, up to and including termination from employment.

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Email, Internet and Intranet

Email, the Internet and the intranet should be used consistent with the guidelines set forth in the Acceptable Use Standard. At all times, a partner's electronic communications should be consistent with business use and professional use. Under no circumstances should a partner access, download or send offensive or pornographic materials on Starbucks equipment. Abuse of the Acceptable Use Standard will result in corrective action, including termination from employment. Starbucks reserves the right to monitor and read the content of all communications, documents and graphics passing through its email, Internet or intranet system.

Insider Trading

Partners are prohibited from engaging in insider trading, which is buying or selling of Starbucks shares while in possession of "material nonpublic information" or improperly disclosing such information. "Material nonpublic information" is a difficult concept to define, but generally it is nonpublic information that is significant enough that once made publicly available it would affect the market price of Starbucks stock. Insider trading is illegal, may lead to criminal prosecution and will result in separation from employment with Starbucks.

Protecting Partner Information

From time to time, Starbucks receives inquiries from outside parties requesting personnel information or an employment reference about a partner or former partner. At all times, partners are expected to keep confidential any information about another partner and are strictly prohibited from responding to any requests. A partner should refer any such inquiry to his or her Partner Resources team member.

Access to Partner Records

A partner may review his or her personnel records at reasonable intervals. To do so, the partner should make the request in writing to a Partner Resources team member and arrangements will be made for the partner to view the records or, if appropriate, to receive a copy of the records. The partner may discuss concerns about the contents of the file with the manager or the Partner Resources team member. If a partner disagrees with anything in his or her file, the partner may submit a written response for inclusion in the file.



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Section 8

How We Communicate

Starbucks reputation for integrity flows from our steadfast commitment to our Core Values and Guiding Principles found in the Mission Statement. Starbucks depends on its partners to ensure that those Guiding Principles are upheld in every facet of our business. For this reason, the company highly values the views of our partners.

Several resources are available to our partners for communicating their concerns, providing input about our business practices and reporting matters that fail to uphold the company's legal and ethical objectives.

Communicating with Your Manager

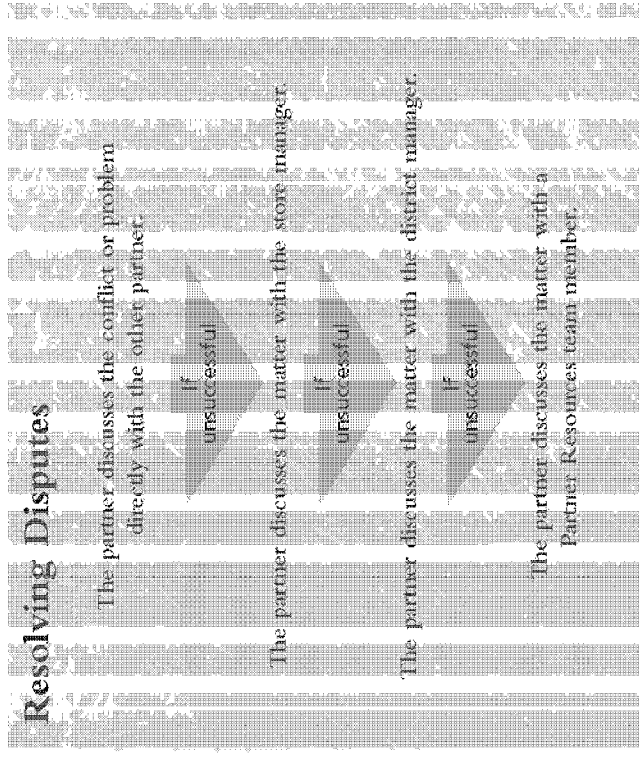
Starbucks has created a vital learning community for the sharing of talents, skills, knowledge and personal qualities. We strive to enrich our understanding and culture by focusing on a shared mission and value system. The essence of management development and training is supported by Starbucks acknowledgment that our managers and partners are the company's finest assets.

The most important working relationship you will have at Starbucks is the one between you and your manager. Your manager will support you so that you can effectively perform your job. In order to support you, however, your manager needs to know of your concerns or questions. If you have any questions, concerns or suggestions regarding your position and responsibilities, discuss them with your manager. If your manager is unable to assist you, you may refer your questions or concerns to your district manager or to your Partner Resources team member.

Problem Solving

Starbucks endorses an atmosphere of mutual respect and support. If a partner experiences a disagreement or conflict with another partner, the partner should first discuss the problem with the other partner and make every effort to resolve it in a respectful manner. If unsuccessful, the partner should seek the store manager's assistance in resolving the matter respectfully and professionally.

The following chart is provided as a reference guide when resolving disputes. Alternatively, partners may call the Business Conduct Helpline at (800) 611-7792 to report concerns or ask for guidance.





Mission Review

Mission Review encourages Starbucks partners throughout the company to express views on whether our policies and practices are consistent with Starbucks Mission Statement and Guiding Principles. Mission Review submission cards are available at all work locations.

Completed comment cards sent to the Mission Review team are forwarded to the partner(s) directly involved in the product or program or in making the very decision your specific comment addresses. While it is possible to make an anonymous submission, including your name and work location will assure you receive a direct response to your comment (usually within 20 business days).

Reports of comments (without names), along with the responses, are made accessible to executives and managers throughout the company to enhance their awareness of partner ideas and concerns.

Business Conduct Helpline

The Business Conduct Helpline has been established to answer partners' questions about legal or ethical issues at work, to clarify the Standards of Business Conduct and to provide partners yet another means to report any potential wrongdoing. Matters reported through the Helpline may include any form of harassment or discrimination; safety and security violations; violations of wage and hour laws; health code issues; situations involving illegal drugs, substance abuse, weapons or violence; instances of improper conduct; or potential violations of other policy or our Guiding Principles. Partners may remain anonymous when calling the Helpline.

The Helpline, at (800) 611-7792, is available 24 hours a day, seven days a week.

All concerns reported to the Helpline will be taken seriously and treated in a confidential manner. Starbucks does not tolerate retaliation against any partner who, in good faith, raises concerns or questions regarding a potential violation of Starbucks policy.

More information about Starbucks Standards of Business Conduct or the Business Conduct Helpline is found in the Standards of Business Conduct brochure you received when hired.

Emergency Communication Hotline

Starbucks has established an Emergency Communication Hotline. This toll-free telephone number is (800) 923-BEAN or (800) 923-2326. By calling this number, a partner may receive local or regional information that may impact store operations, such as information about severe weather conditions and procedures during emergency situations. All partners are encouraged to use this emergency call-in number if you are unable to reach your store manager or district manager.

Section 9

Partner Development and Recognition

Partner Development

Our Vision

At Starbucks, partners are the heart of the organization's success. Our vision is to build an end-to-end pipeline of diverse talent through a focus on internal development supported by world-class staffing.

Our Philosophy

Starbucks Partner Development philosophy is to develop and provide learning opportunities that:

- Align with the Guiding Principles
- Maximize the potential of our partners
- Meet critical business needs
- Continue to drive the outstanding performance of the company

This will be accomplished with focused, simplified programs that also continuously improve our culture.

Our Curriculum

Starbucks offers partners many training and development opportunities to help individual contributors and leaders adjust to new roles, ramp up to full effectiveness and prepare for higher levels of job responsibilities and leadership.

Starbucks curriculum provides targeted training to meet the specific development needs of each job level. This leveled approach to Starbucks training is called the 100, 200, 300 Learning Roadmap. For more information, please contact your manager or Partner Resources team member.

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Promotional Opportunities

Starbucks endeavors to recognize and promote partners based on their accomplishments and record of service. Generally, a barista who has been employed with Starbucks for at least six months and who has demonstrated "Meets Expectations" or better performance may be considered for a promotion to a shift supervisor.

A shift supervisor with at least six months in the position and who has demonstrated exceptional performance and management capabilities may be considered for a management position. Starbucks management training program provides partners with the skills to be successful store and assistant store managers. Any partner who is interested in a management position should contact his or her store manager and district manager.

In certain circumstances, based on exceptional performance and business needs, a barista or shift supervisor may be considered for promotion before serving the minimum period of time.

Certification Programs

Starbucks offers various certification programs to those eligible partners wishing to develop coaching and facilitation skills. For more information, talk with your manager or a Partner Resources team member.

Performance Feedback

Regular performance appraisals help partners perform their jobs better and enhance working relationships. Performance feedback will assist the partner in recognizing strengths and areas needed for improvement, as well as facilitate the setting of the partner's development goals.

Each hourly partner will receive a performance evaluation from the store manager approximately six months after the partner's date of hire and then at regular six-month intervals. A performance evaluation will result in one of the following ratings: Needs Improvement, Meets Expectations or Consistently Exceeds Expectations. The outcome of the partner's evaluation will determine whether the partner will receive a merit increase in pay.

A Starbucks manager or assistant manager will receive an annual performance evaluation from his or her manager.

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Recognition Programs

(also refer to Partner Perks in the *Total Pay Overview/Benefits Plans and Programs* section)

Starbucks partners have the opportunity to acknowledge, recognize and motivate one another at all levels of achievement. In addition to the following companywide recognition awards, many local and regional recognition awards exist. For more information about Starbucks Recognition Program, call Starbucks Support Center, ext. 52520, to have a brochure sent to you.

Bravo! Award

The *Bravo!* Award recognizes a store partner's achievements in the areas of exceeding the standards of Starbucks customer service, significantly increasing sales and increasing savings in costs and resources. Any store partner is eligible to be nominated for this award by another partner. Nomination forms are available by visiting <http://LifeAtSbux.com>.

M.U.G. Award

The M.U.G. (Moves of Uncommon Greatness) Award is presented to one partner by another in recognition of the partner's efforts and contributions to a particular project or goal. It's a way of saying, "Thanks for helping out, I couldn't have done it without you!"

Manager of the Quarter Award

The Manager of the Quarter Award recognizes a manager who has made a significant contribution in all areas of Starbucks store operation and demonstrates leadership consistent with Starbucks culture and values. The seven criteria of excellence are:

- Leadership — Inspires others to achieve excellence.
- Partner development — Creates a constructive and powerful work environment by being dedicated to the ongoing training and development of his or her store partners.
- Quality — Ensures the highest quality standards in Starbucks products and operations.

- Customer service — Consistently exceeds customer expectations and develops enthusiastically satisfied customers.
- Operations — Positively approaches and follows operational policies and procedures.
- Community and environment — Recognizes his or her role as leader, including the responsibility of developing and preserving both community and environment.
- Profit — Recognizes and implements ways to promote the efficient use of company resources and positively contributes to the financial success of Starbucks.

Any store manager is eligible for Manager of the Quarter. Nominations are made by district managers.

Spirit of Starbucks Award

The Spirit of Starbucks Award is awarded to a partner or a team who makes a significant contribution to the company. This award recognizes a single, exceptional achievement outside the partner's or team's performance objectives or job expectations.

Presidents' Award

The Presidents' Award recognizes a partner who has gone far beyond anyone's expectations by making a profound impact on other partners, customers or the financial success of the company, thus enhancing Starbucks competitive advantage in the marketplace.



Section 10

Your Safety and Security

Your safety and security while working for Starbucks is of the utmost importance. This section includes information and guidelines establishing Starbucks high standards for safety, security and well-being.

Additional information may be found in *Safety at Starbucks: A Guide for Store Partners*, a booklet provided in your Partner Kit, and in Starbucks *Safety, Security and Health Standards Manual*. This manual includes training and instruction for safe and secure work practices applicable to the job. It also includes valuable information for reporting work-related injuries and illnesses, identifying and evaluating workplace hazards, correcting unsafe work conditions and responding to customer incidents.

Maintaining a Safe Work Environment

At Starbucks, we believe safety is every partner's responsibility. Through consistent use of good safety practices, immediate detection and reporting of hazards and constant safety awareness, most incidents and injuries are likely to be prevented. Our safety program includes manager and partner participation, safety education, regular inspections, incident investigation and action to address safety concerns.

All Starbucks partners are responsible for:

- Working in a safe manner and, while working, making good choices with regard to their safety and the safety of their fellow partners and customers.
- Reporting unsafe conditions using any of the means mentioned below.
- Immediately reporting all incidents involving injury or property damage to the store manager or supervisor on duty.

Additionally, store managers are responsible for administration of the safety program within the store, as well as responsibility for correction of safety hazards, supported by field management and the Risk Management department at Starbucks Support Center. Starbucks will take appropriate steps to address safety issues in a prompt and responsible manner.



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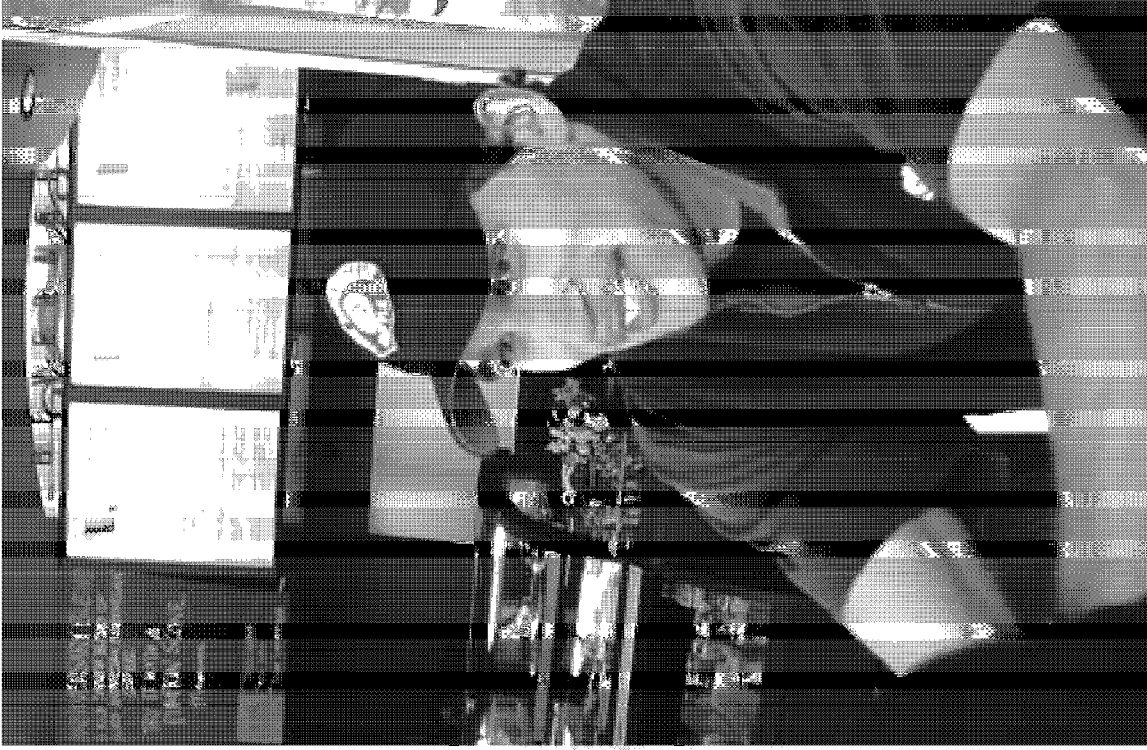
Accident Reporting and Incident Report Form

If there is an accident or an incident in the store involving you or a customer, you must report it to your manager and complete an Incident Report Form found in your store's *Safety, Security and Health Standards Manual*. Fill out the Incident Report Form and Written Statement Forms (if appropriate) and report the incident within 24 hours by calling (888) 796-JAVA or (888) 796-5282 and following the voice prompts. Forward the top white copy of the Incident Report Form, any Written Statement Forms and any repair-related invoices to Risk Management, S-RM1. Retain the yellow copy of the Incident Report Form on file in the store.

Preventing Accidents and Injury

Many injuries at work are caused by burns, slips, trips, falls and poor lifting techniques. For more information on accident and injury prevention, refer to *Safety at Starbucks: A Guide for Store Partners*, a booklet provided in your Partner Kit.

Section 10



Section 11

Time Away from Work

Paid time off may be taken as a personal day, as vacation time, as sick pay, to serve as a juror or witness or for bereavement. Unpaid time off is available as personal leave, Family/Medical leave, disability leave, military leave or sabbatical leave.

Personal Days

Starbucks awards each partner two paid personal days each year. To be eligible, the partner must have worked for Starbucks for at least 90 days prior to the award date. The first personal day is awarded on January 1 and the second personal day is awarded on July 1. A personal day may be taken at any time before the next award date. The partner must submit a request to take a personal day in advance for approval by his or her manager. An unused personal day will be forfeited if not taken by the next award date.

A full-time partner (one who regularly works 40 or more hours each week, such as a store manager or assistant store manager) will receive eight hours of pay for each personal day. A part-time partner (one who regularly works less than 40 hours each week, such as a barista or shift supervisor) will receive personal-day pay based on the partner's average number of hours worked over a certain period of time preceding the personal day.

Vacation

Starbucks offers paid vacation to its partners to refresh and relax. The following principles apply to all partners:

- Vacation time is not available until the partner has worked at least six months.
- Vacation time must be requested in advance, preferably at least 30 days, in order to plan for the partner's absence. The partner should submit a vacation request to his or her manager.

- Vacation time may not be donated, borrowed or taken as cash in lieu of time off.
- Vacation is paid at the rate of pay the partner is earning at the time vacation is taken.
- Prior employment with Starbucks will not increase the amount of vacation time to which the partner is entitled.
- The partner may be required to use paid vacation to substitute for any or all unpaid leave, depending on the reason for the absence. Please refer to the *Unpaid Time Off* section.

Starbucks offers two different vacation programs for its retail partners: the Accrual Program and the Grant Program. The program that applies to you depends on your store position and where you work.

The Accrual Program

The Accrual Program applies to all hourly nonexempt partners in all states, and to all store managers and assistant store managers who work in California, Colorado, Illinois, Louisiana or Massachusetts.

Paid vacation time accrues with each hour the partner works, beginning with the date of hire. The accrual rate increases the longer the partner remains employed.

For all hourly nonexempt partners: In the first year of employment, vacation accrues at the rate of .02 hours for each hour worked. At this rate, a full-time partner working 40 hours a week would receive 40 hours of vacation and a part-time partner working 20 hours a week would receive 20 hours of vacation.

In the second, third, fourth and fifth year of employment, vacation accrues at the rate of .04 hours for each hour worked. At this rate, a full-time partner working 40 hours a week would receive 80 hours of vacation and a part-time partner working 20 hours a week would receive 40 hours of vacation.

In the sixth year of employment and thereafter, vacation accrues at the rate of .06 hours for each hour worked. At this rate, a full-time partner working 40 hours a week would receive 120 hours of vacation and a part-time partner working 20 hours a week would receive 60 hours of vacation.

Starbucks limits or "caps" the amount of vacation time a partner may accrue. The maximum amount that may accrue depends on how long the partner has been employed. If accrued but unused vacation hours reach the cap, a partner will cease to earn any additional vacation time until the partner uses some of the accumulated time and the total vacation time falls below the maximum accrual limit.

The following table summarizes the accrual limits for retail hourly partners:

Completed Months of Employment	Maximum Accrual Limit
Less than 12	40 hours
12 to 59	80 hours
60 or more	120 hours

For salaried nonexempt partners (managers and assistant managers) in the states of California, Colorado, Illinois, Louisiana and Massachusetts: In the first three years of employment, vacation accrues at the rate of 80 hours per year. In the fourth and fifth years of employment, vacation accrues at the rate of 120 hours per year. In the sixth, seventh, eighth, ninth and 10th years of employment, vacation accrues at the rate of 160 hours per year. And, finally, beginning with the manager's 11th year of employment and every year thereafter, vacation accrues at the rate of 200 hours per year.

The following table summarizes the accrual rates and accrual limits for all store and assistant store managers working in California, Colorado, Illinois, Louisiana or Massachusetts:

Completed Months of Employment	Maximum Accrual Limit
Less than 36	80 hours
36 to 59	120 hours
60 to 119	160 hours
120 or more	200 hours

When employment ends: A partner will be paid any accrued but unused vacation hours at the time of separation from employment.

The Grant Program

The Grant Program applies to all managers and assistant managers working in states other than California, Colorado, Illinois, Louisiana and Massachusetts.

On October 1 of each year, each manager will receive a grant of a certain number of vacation hours. The number of hours will depend on how long the manager has been employed with Starbucks. These vacation hours are available for the manager to use through the following September 30. Any vacation hours not used by September 30 will be lost.

The following table summarizes the grant rates for all managers and assistant managers working in states other than California, Colorado, Illinois, Louisiana and Massachusetts:

Completed Months of Employment as of October 1	Annual Grant Amount
Less than 36	80 hours
36 to 59	120 hours
60 to 119	160 hours
120 or more	200 hours

Grant amounts increase after the manager's third, fifth and 10th anniversaries with Starbucks. On the October 1 prior to the third, fifth and 10th anniversaries, the manager's vacation grant will be adjusted upward, on a pro-rata basis, to take into account the manager's upcoming anniversary.

For example: On October 1, 2002, Jill has completed 30 months of employment with Starbucks, which according to the table above, would entitle her to 80 hours of vacation. However, she will celebrate her third anniversary with Starbucks at the mid-point of the next fiscal year, on April 1, 2003. Her grant on October 1, 2002, is 100 hours (80 hours plus one-half of the additional 40 hours she will receive for the next grant level).

Vacation grants are rounded up to the next full day (or eight hours). Therefore, in the above example, Jill's 100 hours (12.5 days) of vacation grant would be rounded up to 13 days.

Grants for new managers: A manager hired on or after October 1 but before March 1 will receive a pro-rated grant based on the partner's date of hire after completing six months of service. This grant is to be used by September 30. On October 1, the manager will receive the first full grant of 80 hours.

A manager hired in the month of March will receive his or her first vacation grant of 80 hours on the next October 1.

A partner hired on or after April 1 but before October 1 will receive his or her first vacation grant of 80 hours after completing six months of service.

When employment ends: Unused granted vacation time may not be used to extend the date on which employment ends. Unused granted vacation time is forfeited upon termination from employment.

Changing Between Accrued and Granted Vacation

The method by which a partner receives vacation may change if the partner transfers, is promoted or is demoted from one position to another, or if the partner moves in or out of California, Colorado, Illinois, Louisiana or Massachusetts.

- If the partner changes from the accrual to the grant method, the unused balance of accrued vacation will be paid to the partner. The partner will then receive a pro-rated grant of vacation that must be used by September 30.
- If the partner changes from the grant to the accrual method, any unused granted vacation will be converted to accrued vacation. The partner will then begin accruing additional vacation time on October 1.

Sick Pay

Sick pay is available to store managers and assistant store managers only. Sick pay is not available to hourly nonexempt partners.

Sick pay is provided to compensate for the occasional day off needed because of illness or injury, to attend medical or dental appointments or to care for an ill family member. For purposes of this policy, a family member includes a spouse, domestic partner, parent, grandparent, child or grandchild.

Sick pay accrues from the manager's date of hire at a rate of approximately five days (40 hours) per year. Sick pay is not available in the first 90 days of employment. Sick pay is paid at the partner's rate of pay at the time the sick pay is used.

A maximum of 65 days (520 hours) of sick pay will accrue. If accrued but unused sick pay reaches the maximum limit, no additional sick pay can accrue until the manager uses some of the accumulated sick pay balance and the total sick pay balance falls below the maximum accrual limit. Accrued but unused sick pay is forfeited upon separation from employment.

If eligibility for sick pay changes: An hourly partner who is promoted to a management position may receive credit for time previously worked and be awarded up to 20 hours of sick pay at the time of promotion. A previously eligible manager who transfers or is demoted to an hourly position will stop accruing sick pay but will be permitted to retain up to 20 hours of sick pay for future use.

A partner who misses more than three consecutive days of work may be eligible for Family/Medical leave and/or short-term disability benefits. Please consult those sections in this Guide for additional information.

Jury/Witness Duty

Serving on a jury is a fundamental responsibility of citizenship. If summoned to serve on a jury or if subpoenaed to testify as a witness, the partner should immediately provide the manager a copy of the summons or subpoena and make arrangements for the time away from work with his or her manager.

Starbucks will pay the partner's regular salary or wages for up to 10 days missed for jury or witness duty. Jury/witness pay under this policy is available only if the partner actually missed work or a scheduled shift as a result of the jury or witness duty. Time off in excess of 10 days is unpaid. If you have been selected to serve on a jury and it is anticipated to exceed two weeks in duration, contact your Partner Resources team member to discuss your status.

Bereavement

Starbucks provides time off with pay for a partner who experiences the death of a family member. The partner will receive up to two consecutive days off with pay to attend the funeral of a family member. If overnight travel is required, up to two additional consecutive days (for a total of four days) of time away from work will be paid. If the partner is notified of the family member's death while working, the partner will be permitted to take the remainder of the shift off with pay.

For purposes of this policy, a "family member" includes the partner's spouse, domestic partner, parent, step-parent, grandparent, child, stepchild, grandchild, step-grandchild, sibling or the partner's spouse's or domestic partner's parent, grandparent, sibling or child.

In order to receive time off for bereavement, the partner must submit a written request to, and receive approval from, the store manager or district manager. An hourly nonexempt partner's daily pay for bereavement leave will be based on the average number of hours worked per day over a specified period of time. Store managers and assistant store managers will be paid their regular salary for the week in which bereavement time is taken.

Reporting Paid Time Off

For managers: A manager or assistant store manager who misses a day of work must accurately report the time off during the same week the time off occurs. A store manager is required to receive approval for vacation, a personal day, jury/witness duty or bereavement leave from his or her district manager, and the assistant manager must receive approval from his or her store manager. Similarly, the store manager is expected to notify the district manager, and the assistant manager is expected to notify the store manager, as far in advance as possible if absent due to illness or injury and a sick day is being used.

All salaried managers (both exempt and nonexempt) report paid time off in Time and Attendance as full-day (eight-hour) increments only. Paid time off as vacation or sick leave is not available if the manager has not accrued at least eight hours. Therefore, if less than a full day is worked, no time is recorded as paid time off. For example, if a manager must leave early for the day due to illness, no time is reported as sick time. If, however, a

manager misses a full day of work due to illness, eight hours is entered into Time and Attendance for that day as "sick."

For hourly partners: An hourly partner is required to receive approval for paid time off from his or her store manager. The store manager will report paid time off in Time and Attendance for each day that work is missed. Paid time off must be recorded as vacation, personal day, jury duty or bereavement. The amount of pay that an hourly partner will receive for the day missed may be based on the average number of hours the hourly partner has worked for a certain period of time preceding the day off.

Unpaid Time Off

Starbucks offers partners leaves of absence for extended periods of time, depending on the reason why the partner needs time off. These leaves are unpaid. The types of leave are:

- Family/Medical leave
- Pregnancy disability leave
- Disability leave
- Military leave
- Personal leave
- Sabbatical leave

To apply for a leave of absence or to obtain more information, contact Starbucks Benefits Center at (877) SBUXBEN or (877) 728-9236.

Family/Medical Leave

Starbucks intends for its Family/Medical leave to provide benefits consistent with the federal Family and Medical Leave Act of 1993. At all times, Starbucks will follow applicable state law to the extent state law provides benefits more generous than those provided here.

Family/Medical leave is available if the partner is absent:

- Due to a serious health condition that prevents the partner from working, including an on-the-job injury;
- Due to pregnancy or childbirth;
- To care for a family member with a serious health condition; or
- To stay home to care for a newborn child, newly adopted child or newly placed foster child.

For purposes of this policy, a family member is considered the partner's spouse, domestic partner, parent or child. A child is defined as a biological, adopted, foster or stepchild under age 18, or as otherwise defined by state and federal law, or a child over age 18 who is incapable of self-care because of a mental or physical disability.

Eligibility: To be eligible for Family/Medical leave, the partner must have been continuously employed by Starbucks for at least 90 days and actively working during that time.

If eligible, the partner has available up to 12 weeks of Family/Medical leave every 12 months. Starbucks calculates the amount of time the partner has available by reviewing the 12-month period preceding the partner's first day of leave. The amount of Family/Medical leave taken in the prior 12 months will be subtracted from 12 weeks to determine the amount of leave currently available to the partner.

Requesting Family/Medical leave: To apply for a Family/Medical leave, a partner must contact Starbucks Benefits Center — Leave Administration at (877) SBUXBEN or (877) 728-9236. A request for Family/Medical leave must be made at least 30 days in advance. If advance notice cannot be provided because the reason for leave is sudden and unexpected, notice should be provided as soon as possible. If less than 30 days notice is provided, the partner will be asked to provide a written explanation. Notice must be provided to the store manager.

If Family/Medical leave is requested due to a serious health condition or to care for an ill family member, the partner will receive paperwork that must be completed by the partner's (or the family member's) health care provider. It is the partner's responsibility to ensure that all paperwork is

completed and returned in a timely manner. Failure to complete and return the necessary paperwork may delay the commencement of the partner's leave or, if leave has already begun, may result in a determination that the leave is unauthorized.

Continued health care coverage: If a partner is enrolled in Starbucks medical, dental and/or vision plans, coverage may continue while the partner is on an approved Family/Medical leave, subject to Starbucks ongoing benefits eligibility requirements. However, the partner will be responsible for remitting the contributions to pay for continued coverage. (Because the partner is not earning wages while on leave, contributions cannot be withheld from the partner's paycheck.) Arrangements for remitting contributions will be made at the time the partner applies for leave. Failure to remit contributions payments while on leave may result in the cancellation of the partner's coverage. If the partner elects not to return to work following a Family/Medical leave, Starbucks reserves the right to seek reimbursement from the partner for the cost of providing the partner with continued health care coverage for the duration of the leave.

Substitution of paid time off: Family/Medical leave is unpaid. However, a partner may be required to substitute any accrued but unused sick pay if the reason for the leave is due to the partner's own serious health condition or to care for a family member with a serious health condition. If sick pay is not available or if the leave is for another qualifying purpose, the partner may be required to draw vacation pay for any or all of the unpaid Family/Medical leave.

A partner eligible for short-term disability benefits may receive partial reimbursement of lost wages if taking Family/Medical leave due to the partner's own serious health condition. A partner who is unable to work because of an on-the-job injury or illness may be eligible for time-loss compensation through Workers Compensation Insurance.

Reinstatement: When Family/Medical leave ends, the partner will be returned to work in the same position held when leave began or to a similar position with similar pay, benefits and other terms and conditions of employment. The partner is required to contact his or her manager at least two weeks in advance of the return to work to ensure that the partner is scheduled for work. Additionally, a partner who has been unable to work

due to his or her own serious health condition may be required to provide medical documentation of his or her fitness to return to work.

Family/Medical leave is limited to 12 weeks every 12 months. In certain circumstances, additional leave may be approved. The partner will be required to submit detailed medical documentation of his or her inability to work. Starbucks will review the additional medical documentation and determine on a case-by-case basis whether a partner may receive additional time away from work as a reasonable accommodation of a disability.

Pregnancy Disability Leave

Pregnancy disability leave is provided to a partner who is unable to work due to pregnancy or childbirth. Pregnancy disability leave will be administered in accordance with applicable state law. No eligibility restrictions apply. Unless otherwise prohibited by state law and upon satisfaction of eligibility requirements, pregnancy disability leave will also be counted as Family/Medical leave under Starbucks policy.

Disability Leave

A leave of absence may be granted to accommodate a disability, provided the leave is reasonable and does not impose an undue hardship on Starbucks operations. If the partner's disabling condition also qualifies as a serious health condition under Starbucks Family/Medical leave policy, the partner's request for disability leave will be treated as a request for Family/Medical leave. Disability leave may be approved if Family/Medical leave is not available.

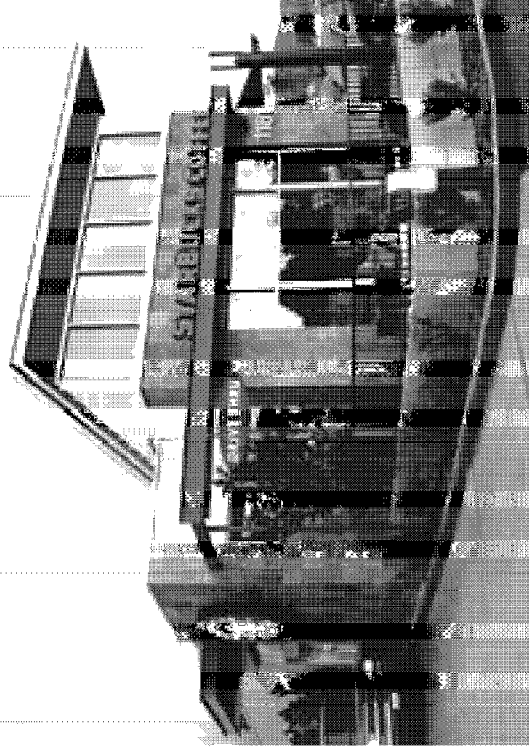
Generally, medical documentation verifying the reason for and the expected duration of the leave will be required. A partner's failure to submit medical documentation may result in denial of leave and/or separation from employment. Upon receipt of the required medical documentation, Starbucks will conduct a review to determine whether the leave may be reasonably accommodated. Starbucks will also reasonably accommodate the partner's return to work by reinstating the partner into a suitable position.

Military Leave

Starbucks abides by all applicable federal and state laws in providing members of our military services with an unpaid leave of absence to attend to military duties. If a partner is a member of the military and receives notice of annual reserve training or active duty, the partner must immediately notify his or her manager to arrange for the time away from work. The partner may also be required to provide a copy of the military orders.

When a partner is called to active duty, Starbucks will pay the difference between the partner's Starbucks pay and his or her military pay. An hourly partner's average weekly pay will be calculated on the basis of earnings for 26 weeks (or less if employed less than 26 weeks) prior to the commencement of military leave.

The military allowance will be paid for the duration of the military leave, up to 78 weeks for a partner with at least six months of continuous service with Starbucks or up to 52 weeks for a partner with less than six months of continuous service.



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A partner participating in annual reserve training or a partner whose military pay exceeds his or her regular pay with Starbucks will not be eligible for the allowance. In those instances, the partner may elect to draw vacation pay to substitute for any or all of the unpaid military leave.

While on military leave, a partner will continue to receive health coverage for up to 12 or 18 months, depending on the partner's length of continuous employment with Starbucks before leave begins. Benefits will continue for the duration of the military leave up to 18 months for a partner with at least six months of continuous employment, or up to 12 months for a partner with less than six months of continuous employment. To receive continued coverage, the partner must remit his or her regular contributions toward coverage.

Personal Leave

An unpaid leave of absence for personal reasons is available in exceptional circumstances. To be eligible, the partner must have been continuously employed with Starbucks for at least 90 days. Personal leave is limited to 30 days and only one personal leave will be granted every three years. A personal leave of absence must be approved by both the partner's manager and Partner Resources team member or district manager. A partner on personal leave will be required to use unused vacation pay to substitute for any or all of the unpaid personal leave.

Personal leave is not available to attend school or to extend Family/Medical leave, disability leave or paid vacation.

While on personal leave, the partner will be responsible for paying his or her share of the cost of continuing benefits coverage (including health, supplemental and dependent life insurance, AD&D and long-term disability, if applicable).

Sabbatical Leave

A sabbatical leave is available to a partner with an interest in taking a break to travel, spend extended time with family and friends or pursue volunteer interests or additional education.

A partner is eligible for a sabbatical leave after completing 10 years of continuous service and working at least 1,000 hours in the 12 months prior to the first day of sabbatical leave. A second sabbatical leave will be available to the partner after working seven consecutive years after the end of the first sabbatical leave.

The partner's immediate manager and zone senior vice president must approve a request for sabbatical leave. The decision to grant the leave will depend on various factors, including the partner's position, the timing and length of leave requested and current and future business needs. At all times, Starbucks retains sole discretion in determining whether a sabbatical leave will be permitted. Employment with another company is not an appropriate use of sabbatical leave.

Partners interested in taking a sabbatical leave should contact Starbucks Benefits Center at (877) SBUXBEN or (877) 728-9236 and consult the *U.S. Benefits Plan Description* for more information.

Impact on Benefits Eligibility

To obtain more information about the impact that being on a leave of absence may have on benefits eligibility, please consult the *U.S. Benefits Plan Description*.



Section 12

Total Pay Overview/Benefit Plans and Programs

Total Pay Package

Your Total Pay package — Compensation, Benefits, Savings, Stock and Partner Perks — rewards you for your contributions as a Starbucks partner, adds to a great work environment and promotes the shared responsibility between Starbucks and you for individual and company success. We offer benefits to both eligible full- and part-time partners, no matter what position held at Starbucks. All partners can take advantage of our Employee Assistance Program, Adoption Assistance Program, Tuition Reimbursement Program and Thrive, our wellness program.

Health and Welfare

The following are highlights of the various health and welfare benefits currently offered by Starbucks to its eligible partners and partners of participating affiliated companies. The available plans will be outlined in the enrollment materials mailed to the partner's home address upon satisfaction of initial eligibility.

For more information about Starbucks benefits, please consult the *U.S. Benefits Plan Description*, call Starbucks Benefits Center at (877) SBUXBEN or (877) 728-9236 or the Partner Contact Center (PCC) at (866) 504-7368 or visit <http://LifeAt.starbucks.com>, where you will find quick resource links to all Starbucks Total Pay programs.

You also are encouraged to discuss and ask questions about all the great benefits you get just for being a Starbucks partner with your store manager, district manager or Partner Resources team member.

While the intent is to maintain these benefits indefinitely, Starbucks also reserves the right to modify or terminate any of these benefits at any time.

Medical, Dental and Vision

Starbucks medical plans extend coverage for eligible expenses associated with routine care, office visits, hospitalization, laboratory tests, X-rays, prescription drugs and emergency care. Mental health and chemical dependency treatment coverage includes eligible inpatient and outpatient treatments, up to plan limits. The cost, level of care and availability of coverage vary with each plan.

Starbucks Dental Plan covers preventive, basic and major services, as well as orthodontia care.

Starbucks Vision Plan provides coverage for eye exams, lenses, frames and contacts. Care is offered through a national network of eye-care professionals.

Disability Coverage

Starbucks disability plans provide partial replacement of lost wages if a partner is unable to work for an extended period of time due to an illness or injury. Two levels of coverage are available:

- **Short-term disability coverage**

After a short waiting period, short-term disability coverage provides up to 26 weeks of continued, partial income for disability due to a non-occupational illness or injury. It is automatically available at no cost to all partners eligible for Starbucks benefits except partners working in Hawaii who have access to Temporary Disability Insurance.

- **Long-term disability coverage**

Long-term disability coverage may provide partial income replacement after short-term or Temporary Disability Insurance ends. It is automatically provided at no cost to store managers and assistant store managers. Hourly retail partners may purchase long-term disability coverage when benefits eligibility is satisfied.

Life and Accidental Death and Dismemberment (AD&D) Insurance

Life insurance is available at no cost or little cost to partners. Partners may also elect to purchase life insurance for an eligible spouse, domestic partner or dependent child. Accidental death and dismemberment (AD&D) insurance is available at a small cost to all partners when benefits eligibility is satisfied.

Compassionate Care Benefits for Terminally Ill Partners

Starbucks provides assistance to alleviate the financial burden of the cost of continued health care and life insurance coverage for an eligible partner diagnosed with a terminal illness. Certain eligibility requirements will apply. If eligible, the partner may receive continued life insurance coverage and a waiver of life insurance premiums. Also, Starbucks will provide fully paid continued health care coverage through COBRA for the partner and enrolled dependents for a period of time after employment ends.

Reimbursement Accounts

Store managers and assistant managers are eligible for enrollment in dependent care and health care reimbursement accounts. Eligible partners may set aside before-tax dollars to pay for qualified child or elder care expenses and out-of-pocket health care costs. Certain maximums may apply.

Adoption Assistance

Starbucks provides financial assistance to partners that have chosen to adopt a child. Partners eligible for Starbucks benefits may receive reimbursement up to \$4,000 to help pay for qualified expenses related to the adoption of an eligible child.

Partners are also eligible for the Adoption Allowance benefit that replaces up to two weeks of pay for time off needed to travel to pick up an adopted child and/or to settle the child in the partner's home.

To apply for adoption assistance, contact Starbucks Benefits Department at (888) 796-JAVA, ext. 84708, and consult the *U.S. Benefits Plan Description* for more information.

Starbucks Tuition Reimbursement Program

Starbucks Tuition Reimbursement Program helps eligible U.S. partners with some of their education costs upon successful completion of pre-approved courses.

Tuition reimbursement is available to partners who:

- Have completed at least one continuous year of service from the date of most recent hire;
- Are considered Starbucks "benefits eligible" at the time of class approval;
- Have earned at least a "C-" grade or a "Pass" in "Pass/Fail" classes; and
- Are actively employed at Starbucks when the reimbursement is processed.

Accredited courses relating to Starbucks business that are part of a GED, undergraduate, post-baccalaureate or eligible certificate program will be considered for approval.

The maximum reimbursement is based on position and length of continuous service at the beginning of each calendar year, as shown below:

Partner Position	Continuous Length of Service as of January 1 Each Year	Maximum Calendar Year Reimbursement
Below director level	Less than 36 months	\$500
	36 but less than 60 months	\$750
	60 months or more	\$1,000
*Director and higher	All lengths of service	\$500

** Maximum calendar year reimbursement for directors and higher is restricted by IRS nondiscrimination rules.*

Eligibility and Enrollment

The following is general information; for specific details on Starbucks eligibility requirements, refer to the U.S. Benefits Plan Description.

To establish initial eligibility for the benefits described, a partner must be paid for at least 160 hours in a consecutive two-month period. Once this requirement is satisfied, the partner will receive an enrollment package mailed to the partner's home address on file. The partner must enroll by the enrollment deadline outlined in the enrollment package. A missed deadline will result in no enrollment or coverage.

After the partner has enrolled, benefits will begin on the first day of the second month after establishing eligibility. For example, if a partner is hired in April and the partner's paychecks for the months of April and May reflect pay for at least 160 hours, the partner's benefits will begin on July 1 following timely enrollment. Shortly after enrollment, a *U.S. Benefits Plan Description* will be mailed to the partner's home.

Partners working in Hawaii will become eligible for benefits in accordance with Hawaii state regulations.

Maintaining eligibility: To continue eligibility for Starbucks benefits plans, a partner must be paid at least 240 hours in each calendar quarter. "Paid hours" are the number of hours that are reflected on the partner's paychecks issued during the calendar quarter. Calendar quarters are January 1 through March 31; April 1 through June 30; July 1 through September 30; and October 1 through December 31. At the conclusion of each calendar quarter, Starbucks conducts an audit to determine each partner's ongoing eligibility.

Losing eligibility: If a partner's paid hours fall below 240 in a calendar quarter, he or she will experience a loss of eligibility and coverage on the last day of the month following the end of the calendar quarter. For example, a partner who is paid less than 240 hours from October 1 to December 31 will lose eligibility and coverage on January 31. A written notice and information about available options will be mailed to the home address on file for each partner who loses eligibility as a result of the audit.

Re-establishing eligibility: A partner can re-establish eligibility if the partner is paid for at least 240 hours in a subsequent calendar quarter. If eligibility is re-established, coverage will commence on the first day of the second month

of the new calendar quarter. For example, a partner who is paid for at least 240 hours from January 1 to March 31 will be reinstated on May 1. Depending on when a partner re-establishes eligibility, the partner may be required to re-enroll for desired coverage.

Partners working in Hawaii will maintain eligibility for benefits in accordance with Hawaii state regulations.

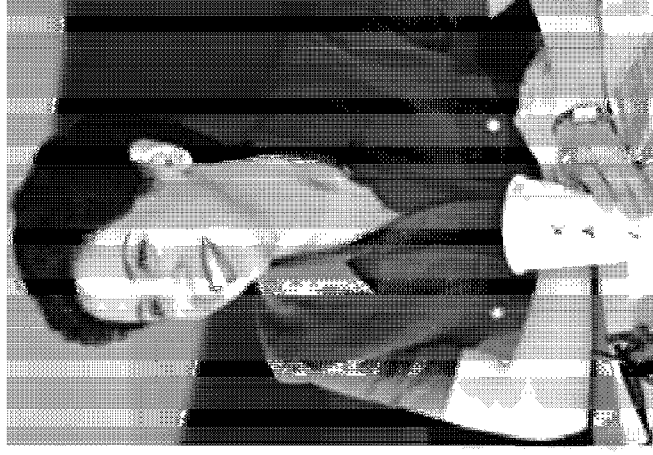
Employee Assistance Program (EAP)

The Employee Assistance Program (EAP) provides short-term counseling for emotional issues, including stress, anxiety and coping with difficult situations. The EAP also provides work/life counseling that includes child and elder care referrals and legal and financial planning services. **This program is available to all partners. Call toll free at (800) 682-0364.**

Mildly Ill Childcare Reimbursement Program

The Mildly Ill Childcare benefit is available to all partners. If the partner's child is ill and cannot attend school or daycare, Starbucks will reimburse the partner for up to 50% of the cost of obtaining emergency back-up care. The maximum benefit available is \$30 per day, five days per year.

For answers to questions about the Mildly Ill Childcare Reimbursement Program or to receive information about arranging advance daycare, call the EAP at (800) 682-0364.



CUP Fund

The CUP (Caring Unites Partners) Fund is a financial assistance program helping Starbucks partners in times of special need, such as illness not covered by insurance, death of a partner or family member, natural disaster or other extreme circumstances (fire, theft, etc.). The CUP Fund is supported by voluntary partner contributions through payroll deduction. All partners are eligible to apply for this financial assistance. Each application is treated with confidentiality and carefully screened. To learn how you can apply for assistance from the CUP Fund or to support fellow partners through payroll deductions, please call the **CUP Fund hotline at (888) 796-JAVA ext. 8CUPS or (888) 796-5282 ext. 82877**. You will also find more information on the CUP Fund online at <http://LifeAtSbux.com> and *Starbucks Online*.

Savings and Stock

Future Roast — Starbucks 401(k) Plan

Starbucks 401(k) savings plan, Future Roast, provides a convenient way to assist partners in saving for the future. An eligible partner may generally contribute from 1% to 75% of his or her eligible pay each pay period, before taxes are withheld (subject to IRS and Plan annual limits). Partners age 50 or older may make additional contributions to Future Roast, up to the annual IRS limit.

Eligibility and enrollment: Partners age 18 or older may enroll in Future Roast after completion of 90 days of service.

Starbucks match: Starbucks matches between 25% and 150% (based on length of service from most recent date of hire) on the first 4% of pay that the partner contributes to Future Roast (subject to IRS and plan limits).

Vesting schedule: There is no vesting schedule for Future Roast because matching contributions, as well as the partner's own contributions, are always 100% owned by the partner.

Rollover contributions: A partner may transfer funds from another qualified retirement plan into Future Roast at any time after hire.

Stock Investment Plan (S.I.P.)

Starbucks Stock Investment Plan (S.I.P.) is formally referred to as "Starbucks Corporation Employee Stock Purchase Plan — 1995." This plan provides eligible partners the unique opportunity to buy shares of Starbucks stock each calendar quarter at a discounted price through regular payroll deductions, after taxes. A partner can elect to set aside from 1% to 10% of his or her gross base pay to purchase shares of stock through S.I.P.

Eligibility and enrollment: A partner is eligible to participate after 90 days of employment as a regular partner and after receiving pay for an average of 20 hours of work a week during the three months preceding the quarterly offering. Enrollment in S.I.P. takes place four times per year: December 1–15, March 1–15, June 1–15 and September 1–15.

Bean Stock

Bean Stock is formally referred to as "Starbucks Corporation 2005 Company-Wide Sub-Plan to the 2005 Long-Term Equity Incentive Plan." This program is designed to give a broad base of partners the opportunity to own shares of Starbucks stock. *Bean Stock* partners have a personal connection to the growth and a means of sharing in the benefits of the company's success.

Eligible partners receive options to purchase shares of Starbucks common stock. The grant of *Bean Stock* options is based on the company's performance and our efforts throughout the year. *Bean Stock* options are generally granted after the close of Starbucks fiscal year, in November. Grant packets are generally distributed to partners the following January.

Bean Stock options give partners the opportunity to buy a fixed number of Starbucks shares at a set price for a specified period of time. *Bean Stock* options vest at 25% per year over a period of four years, as long as the partner remains employed.

Eligibility: To become eligible for a *Bean Stock* grant, a partner must have been employed by Starbucks on April 1 preceding the grant date; paid at least 500 hours from the beginning of the fiscal year through March 31, or from April 1 through the end of the fiscal year; and be employed in a position up to the director level. Instead of *Bean Stock*, directors and above are eligible for stock options under the Key Employee Stock Plan.

For general questions about Future Roast, S.I.P. and *Bean Stock*, call a Fidelity Service Representative toll free at (866) 697-1048.

For online information, visit <http://LifeAt.sbx.com>.

Partner Perks (a.k.a. Partner Services)

Visit <http://LifeAt.sbx.com> for information on all Partner Perks programs.

Partner Recognition Program

(Also see Recognition under the Partner Development and Recognition section)

There are 18 formal recognition programs at Starbucks — from M.U.G. Awards to the Presidents' Award — that promote the achievements of our partners, whether it's for "jobs well done" or to acknowledge the profound impact certain partners have had on the company. To find out how you might recognize a partner or partner team, visit <http://LifeAt.sbx.com>.

Partner Connection Program

Starbucks Partner Connection Program links groups or teams of three or more partners who share common interests, creating a work environment that supports teamwork, fun and the importance of a well-balanced life. The program not only assists partners with the formation of these partner connections but also with some of the costs associated with them. For more information or to fill out an application, visit <http://LifeAt.sbx.com>.

Partner Discount Program

As a Starbucks partner, save at thousands of local businesses, as well as national retailers with your Partner Discount Program PerksCard.

After you have registered your card at www.perkscard.com, you'll be able to take advantage of all the benefits that the exclusive Starbucks Partner Perks Discount Program has to offer.

If you would like to speak with a PerksCard representative, call (877) 253-7100 toll free. Representatives are available Monday through Friday, from 5 a.m. until 3 p.m. Pacific.

Starbucks Coffeegear™

Starbucks Coffeegear™ is your source for Starbucks logo apparel, promotional items and more. Visit <http://LifeAt.sbx.com> to link to Starbucks Coffeegear™ or call (800) 424-9272 to speak to a representative.

Partner Markout and Merchandise Discounts

All Starbucks partners may purchase Starbucks beverages and merchandise at a discounted price. Additionally, the "markout" benefit is available at company-owned and -operated stores as a means for partners to sample and enjoy our coffee and tea.

Weekly Coffee and Tea Markout

"Markout" is the term used for coffee and tea that partners may receive each week. The purpose of this benefit is to provide partners with the opportunity to explore the many coffees and teas offered, as well as introduce these products to friends and family. Each week, a partner may receive at no cost one of the following:

- One pound of any whole bean coffee, excluding Black Apron Exclusives™, Arabian Mocha Sanani, Pike Place Blend and other special offerings when noted not eligible for partner markout (the pound of coffee may be made up of more than one variety)
- One-half pound of Arabian Mocha Sanani or Pike Place Blend
- One box of pods (12)
- One package of Tazo® tea (24 bags)

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- One tin of Tazo® full leaf tea
- One box of 1 oz. Filter Packs (6)
- One box of Tazo® concentrate

A week for the purpose of this benefit is Monday through Sunday. Partners are encouraged to take advantage of this benefit each week; if a week is missed, there is no opportunity to make up for it in future weeks.

Partner Merchandise Discount

Eligible Starbucks partners may receive a 30% discount of the purchase price of beverages and merchandise. This discount also applies to espresso beverages and ready-to-drink beverages, including juices, Tazo® bottled tea and bottled Frappuccino®; whole bean coffee in excess of your weekly coffee markout; pastries and other food items; and all other merchandise, including sale items.

Items that may not be purchased with the partner discount include, but may not be limited to, Starbucks Card, coupon books and newspapers.

The merchandise discount is a benefit offered to partners only. Partners may purchase items for personal use or to give as gifts. Partners may not use the partner discount to purchase items for others — such as family members, friends or acquaintances — and then receive reimbursement for the cost.

Purchasing items with the partner discount and reselling the merchandise — for example, on the Internet or in a side business — is strictly forbidden. Partners may not use the partner discount in any manner that would result in a profit to the partner.

New partners are eligible to use their partner discount once they receive their Partner Card.

Obtaining the Partner Discount and Weekly Markout

To obtain your weekly markout and merchandise discount, present your current Partner Card at any participating store.

Upon Retirement

A partner who retires from Starbucks at a minimum age of 55 with at least 10 years of continuous service will receive the partner markout and merchandise discount benefits for life.

Some Limitations Apply

Your weekly markout and partner discount are not available at Licensed Store locations (such as airport locations, etc.) and most International locations (those stores located outside continental North America).

The weekly markout and merchandise discount is available only to regular, temporary and seasonal partners on Starbucks payroll. It is not available to vendors, consultants, independent contractors or leased employees.

Free Beverages While Working

A store partner may consume — free of charge — any coffee, tea or milk-based beverage while on break during his or her shift or during the 30 minutes prior to or after the partner's scheduled shift. The partner beverage benefit is available for the partner's personal consumption only; a partner may not give away his or her partner beverage to any other individual.

The partner beverage may not be consumed while the partner is actually working; it should be consumed only while the partner is on a rest or meal break. Additionally, the partner is required to wait in line with other customers to receive his or her partner beverage, and another partner should ring out the partner's beverage.

Ready-to-drink beverages, including juices, bottled water, Tazo® bottled tea and bottled Frappuccino®, are excluded from the partner beverage benefits. These items must be purchased using the partner's 30% discount.

Section 13

Leaving Starbucks

Giving Notice

If at all possible, a partner should provide his or her manager with two weeks notice if choosing to resign from employment with Starbucks.

Return of Company Property

A partner must return all company property to his or her store manager on or before the last day of work. Company property may include, but is not limited to, aprons, store keys, partner identification card and training materials.



Impact on Benefits

When a partner separates from employment with Starbucks when enrolled in Starbucks medical, dental and/or vision plans, the partner's participation in health care coverage will end on the last day of the month in which separation from employment is processed. The separating partner may be eligible to continue health care coverage after leaving Starbucks. A notice summarizing the partner's right to elect continued health care coverage (COBRA) and a summary of the cost will be sent to the partner's home a short time after coverage ends.

For information about how leaving Starbucks may impact the following benefits, please consult the appropriate *Plan Description* or call the Partner Contact Center (PCC) at (866) 504-7368.

- Reimbursement accounts
- Short- and long-term disability
- AD&D coverage
- Life insurance
- Future Roast 401(k) Savings Plan
- Stock Investment Plan (S.I.P.)
- *Bean Stock*

References for Future Employers

Starbucks often receives inquiries from other businesses seeking employment references for former partners. To respond to requests for employment information, Starbucks uses a national service called The Work Number®. The Work Number® is a fully automated system available 24 hours a day, seven days a week. With the partner's authorization, a prospective employer may contact The Work Number® to obtain dates of employment, current or last job title and/or salary information. For more information about how to use the services of The Work Number®, please call their client service center at (800) 996-7566 or access their website at www.theworknumber.com.

Section 14

Starbucks Corporate Social Responsibility

One of Starbucks Guiding Principles is to “contribute positively to our communities and our environment.” In support of this, Starbucks charitable giving is directed in three main areas: literacy, environment and coffee-origin communities. In addition to these areas, a large portion of Starbucks corporate giving supports local community organizations that are important to our partners. Starbucks stores also provide an array of product donations and in-kind support of unsold baked goods and coffee to community and charitable organizations.

Highlighted below are two ways in which Starbucks and our partners are making a difference together and fulfilling our Corporate Social Responsibility Mission Statement.

Commitment to Community

Choose to Give!

Choose to Give! is a year-round program that matches partner donations, dollar for dollar, to charities of their choice, up to \$1,000 per year. Eligible U.S. and Canadian charities include colleges and universities; private and public elementary and secondary schools (including PTAs); religious organizations; civic, arts and cultural organizations; health and human service agencies; and environmental organizations. Partners can participate in *Choose to Give!* at any time by completing the form available on *Starbucks Online*. For more information, call (866) 235-9137.

Make Your Mark

Make Your Mark supports the organizations where partners volunteer on an individual basis or in teams of three or more partners. Starbucks grants cash donations to nonprofit organizations based upon the total number of hours volunteered. The team version of the program includes customers

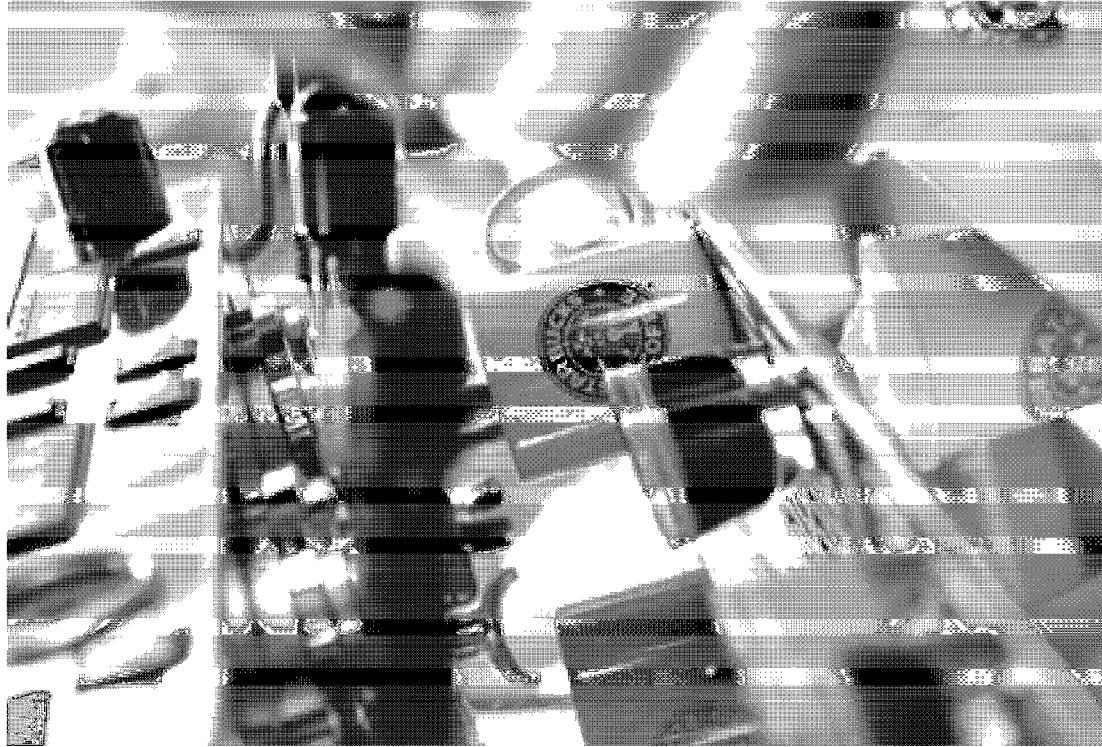
and partners’ families and friends. For each hour volunteered, Starbucks donates \$10, up to \$1,000 for 100 hours per project, to the designated charity. Look for more information, including project proposal forms, on *Starbucks Online* or call the *Make Your Mark* Hotline, SVM 52549.

The Starbucks Foundation

The Starbucks Foundation awards grants ranging from \$5,000 to \$20,000 to nonprofit organizations that promote youth leadership through programs in literacy education and respect for diversity. Partners are encouraged to get involved with local youth organizations and apply for grants on behalf of their neighborhood programs. The Foundation gives priority to organizations where multiple Starbucks partners and/or Starbucks stores actively volunteer on a regular basis. The Foundation also has national partnerships with America SCORES and Jumpstart, providing volunteer opportunities to Starbucks partners in cities across the U.S. To learn more about how to help an organization in your community apply for funding from the Foundation, download the grant guidelines from *Starbucks Online*. If you have questions, please leave a message on the Foundation hotline, ext. 87022.

CARE

Since 1991, Starbucks and CARE, an international organization dedicated to fighting global poverty in more than 60 countries, have partnered to address some of the social, health and education issues facing people living in coffee-origin countries. This has given us the opportunity to touch the lives of nearly three million people in coffee-origin countries. Over the years, Starbucks has contributed or helped raise more than \$2 million for CARE programs, making Starbucks one of CARE’s largest North American corporate donors. In fiscal 2002, Starbucks donated \$200,000 to CARE to establish Starbucks Emergency Response Fund, enabling us to respond to natural disasters and crises in countries where Starbucks sources coffee and tea.



Commitment to the Environment

Starbucks collaborates with partners, customers, vendors, businesses, communities and nonprofit organizations to address environmental issues and share information to improve our environmental stewardship. Below are a few examples of how Starbucks contributes positively to our environment.

Starbucks Environmental Mission Statement

Starbucks is committed to a role of environmental leadership in all facets of our business. We fulfill this mission by a commitment to:

- Understanding environmental issues and sharing information with our partners (employees).
- Developing innovative and flexible solutions to bring about change.
- Striving to buy, sell and use environmentally responsible products.
- Recognizing that fiscal responsibility is essential to our environmental future.
- Instilling environmental responsibility as a corporate value.
- Measuring and monitoring our progress for each project.
- Encouraging all partners to share in our mission.

Minimizing Our Environmental Impact

In an effort to reduce our environmental impact, Starbucks reviewed company operations through an Environmental Footprint Analysis. This helped us identify the following three environmental focus areas for the company to measure our environmental performance: sourcing — coffee, tea and paper; transportation — people and products; and store design and operations — energy, water, recycling and waste reduction.

Grounds for Your Garden

Coffee grounds make up the heaviest portion of the waste stream in our stores. To reduce waste, Starbucks encourages “reuse” of spent coffee grounds through *Grounds for Your Garden*, a program that provides

nitrogen-rich grounds to customers, parks, schools and nurseries as a soil amendment for their gardens.

Commuter Mugs

Serving coffee in commuter or reusable mugs rather than paper cups is a great way to reduce waste. Starbucks provides a 10¢ incentive discount to customers who use their own mugs. In 2005, our customers used their commuter mugs over 13 million times, which eliminated 550,000 pounds of paper cups going into landfills.

Energy Conservation

Starbucks views energy conservation as an important part of our climate change strategy. Measures we are taking include retrofitting emission control equipment in our coffee roasting plants with more energy-efficient technology, replacing some lighting fixtures and store equipment with products that use less energy and in-store testing of a more efficient HVAC system. Upgrading to energy-efficient systems will be an ongoing process as our old equipment and fixtures are replaced over time.

Purchasing Policies

Starbucks has adopted purchasing policies that help ensure the company delivers on its commitment to the environment. Our suppliers are encouraged to provide the most energy-efficient products within their category and eliminate excessive packaging as outlined in the Starbucks Supplier Handbook, which includes our Environmental Mission Statement and Environmental Purchasing Policy. Internally, Starbucks Environmental Purchasing Policy is used to guide the decisions of our purchasers. In fiscal 2003, Starbucks introduced the Starbucks Supplier Code of Conduct that outlines principles regarding worker rights and treatment, workplace health and safety and environmental protection. The Code expresses the values that Starbucks believes are essential to operate within the guidelines of our Mission Statement.

Sustainable Coffee Production

Since 1971, Starbucks has built enduring relationships with coffee farmers who have supplied us over the years with the world's finest beans. As our business expands, so do our supply needs. This creates an even greater reason to invest in projects that benefit farmers and their communities, helping to ensure the long-term sustainability of coffee farming. Below are some examples of our innovative approaches to the sustainable production of coffee.

Our Integrated Approach to Sustainable Coffee Production

Historically, the world coffee market has been susceptible to price fluctuations linked to global supply and demand. In 2001, green (unroasted) coffee prices hit a 30-year low, adversely affecting many coffee farmers. Regardless of market fluctuations, Starbucks has always been committed to purchasing high-quality coffee in a socially responsible manner. When this most recent and dramatic downturn occurred, we reviewed our entire approach to buying coffee and adopted a more integrated and sustainable model that is based on six fundamental principles:

- Paying premium prices to help farmers make profits and support their families
- Encouraging participation in C.A.F.E. (Coffee and Farmer Equity) Practices, our social and environmental guidelines for producing, processing and buying coffee
- Purchasing conservation (shade grown) and certified coffees, including organic and Fair Trade Certified™
- Providing funds for farmers to access credit
- Investing in social development projects in coffee-producing countries
- Collaborating with coffee producers globally on coffee quality, production, processing and research through our team of experts at the Starbucks Coffee Agronomy Company, located in Costa Rica

C.A.F.E. Practices

In 1998, Starbucks began to integrate conservation principles in our coffee-buying practices through our partnership with Conservation International (CI). Three years later, we collaborated with CI to create and pilot Starbucks Preferred Supplier Program (PSP) that was based on a set of socially and environmentally responsible coffee buying guidelines.

These early efforts laid the groundwork for what eventually became Coffee and Farmer Equity (C.A.F.E.) Practices. Formally introduced in fiscal year (FY) 2004, C.A.F.E. Practices was designed to assure high-quality coffee is grown and processed with environmental sensitivity and social equity throughout our coffee supply chain. Program improvements were made in FY05 by Scientific Certification Systems (SCS), a third-party evaluation and certification firm retained by Starbucks for the development, training and auditing of C.A.F.E. Practices.

Fair Trade Certified™ Coffee

Starbucks pays fair prices for all of our coffees, including Fair Trade Certified™. Fair Trade certification is a system that seeks to improve the lives of coffee growers in origin countries by ensuring that the owners of small family farms receive a guaranteed fair price for their harvest. In FY05, Starbucks purchased 11.5 million pounds of Fair Trade Certified™ coffee. As a result, Starbucks is one of North America's largest roasters and retailers of Fair Trade Certified™ coffee. Starbucks proudly offers Café Estima, our Fair Trade Certified™ blend in all of our company-operated stores in North America and in some International markets.

Purchasing Fair Trade Certified™ coffee is just one approach of many that Starbucks takes to help ensure all of the farmers from whom we buy receive fair prices. Starbucks is engaged in a number of practices, from developing innovative ways to provide access to credit for farmers, to introducing our Coffee Sourcing Guidelines that give financial incentives for sustainable growing practices. These efforts help ensure that we are trading fairly with all of the farmers from whom we purchase coffee.

Organic Coffee

Growing coffee organically without the use of synthetic pesticides, herbicides or chemical fertilizers contributes to maintaining a healthy environment and clean ground water. While many of the coffees Starbucks buys are grown using organic methods, most are not certified or labeled as such. Official certification requires that farms submit to three years of soil testing and, thereafter, annual testing to verify they are using accepted organic farming practices. Starbucks proudly offers customers certified Organic Shade Grown Mexico and Serena Organic Blend, certified as organic by independent certification organizations.

Conservation International

One of Starbucks important conservation projects is our partnership with Conservation International (CI). Since 1998, Starbucks and CI have been working with coffee producers to promote coffee cultivation methods that protect biodiversity and improve the livelihood of coffee farmers. Growing coffee using traditional methods, which include a canopy of shade trees, can result in higher quality, better tasting beans that have more value in the world coffee market. This, in turn, can lead to increased income for small farmers. Currently, CI has ongoing Conservation Coffee™ projects in Mexico, Colombia and Peru, and is starting projects in Panama and Costa Rica. Starbucks Shade Grown Mexico coffee, for example, is cultivated under the protection of shade trees, helping to maintain a forested buffer zone around El Triunfo Biosphere reserve in Chiapas, Mexico.

Social Development Projects

Using an innovative approach, Starbucks teams with a number of coffee farms to jointly fund social development projects that benefit their communities. Projects include building and improving school facilities, establishing health clinics, upgrading water systems and improving coffee mills.

For more information, please review Starbucks Corporate Social Responsibility Annual Report at www.starbucks.com/csr.

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PARTNER ACKNOWLEDGEMENT

By signing below, Partner acknowledges that he or she has received the Starbucks Coffee Company *Partner Guide* for U.S. Stores (the "*Partner Guide*"). Partner further acknowledges that he or she will take the time to thoroughly read and review the *Partner Guide*, that he or she will be expected to abide by its contents, and that his or her failure to uphold the policies and expectations set forth in this *Partner Guide* may result in corrective action, up to and including termination of employment.

Partner additionally understands that:

- The contents of the *Partner Guide* do not constitute a contract of employment or a guarantee of employment for any fixed period of time.
- Partner's employment with Starbucks Coffee Company is at-will and may be terminated at any time, with or without notice.
- Starbucks Coffee Company may change its policies, practices and procedures at any time, with or without notice.
- This *Partner Guide* supersedes any and all prior personnel policies or employment handbooks provided to Partner.

Print name _____

Signed _____

Date _____

Partner number _____ Store number _____

Manager: Please send the signed acknowledgement to Partner Shared Services (PSS) in the envelope provided.

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